



**XPON Technologies Group Limited and Controlled Entities**  
**Appendix 4D**  
**Half-year report**

**1. Company details**

Name of entity:	XPON Technologies Group Limited and Controlled Entities
ACN:	635 810 258
Reporting period:	For the half-year ended 31 December 2024
Previous period:	For the half-year ended 31 December 2023

**2. Results for announcement to the market**

Reported	31 December 2024 \$000's	31 December 2023 (i) \$000's		Change \$000's	Change %
Revenue from ordinary activities	4,162	4,994	Down	(832)	(17%)
Net loss from ordinary activities after tax attributable to the owners of XPON Technologies Group Limited	(633)	(5,410)	Down	4,777	(88%)
Net loss for the half-year attributable to the owners of XPON Technologies Group Limited	(633)	(5,410)	Down	4,777	(88%)

(i) The comparative figures for the period ended 31 December 2023 were re-presented to exclude the discontinued operations disclosure, as the disposal did not meet the definition of a discontinued operation per *AASB 5 Non-current Assets Held for Sale and Discontinued Operations*.

**DIVIDENDS**

XPON Technologies Group Limited has not paid, recommended or declared dividends for the half-year ended 31 December 2024 (31 December 2023: Nil).

**3. Net tangible assets**

	31-Dec-24 (cents)	31-Dec-23 (cents)
Net tangible assets per ordinary security	(1.15)	(1.07)

Derived by dividing the net assets less intangible assets attributable to equity holders of the Company by the total ordinary shares on 31 December 2024 (362,441,495) and 31 December 2023 (303,608,169) respectively.

**4. Control gained over entities**

Not applicable.



**XPON Technologies Group Limited and Controlled Entities**  
**Appendix 4D**  
**Half-year report**

**5. Loss of control over entities**

Not applicable.

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**6. Dividends**

*Current period*

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

*Previous period*

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

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**7. Dividend reinvestment plans**

Not applicable.

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**8. Details of associates and joint venture entities**

Not applicable.

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**9. Foreign entities**

Details of origin of accounting standards used in compiling the report:

For all foreign entities, International Financial Reporting Standards have been used in compiling this report.

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**10. Audit qualification or review**

During the financial year, we appointed RSM Australia Partners as our new auditor, effective from 15 January 2025. This half-year was subject to review by the Company's auditors and the review report is attached as part of this half-year report. The review report contains a material uncertainty paragraph in relation to going concern.

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**11. Attachments**

The Interim Report of XPON Technologies Group Limited for the half-year ended 31 December 2024 is attached.


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**XPON Technologies Group Limited and Controlled Entities**  
**Appendix 4D**  
**Half-year report**

**12. Signed**

Signed  \_\_\_\_\_

Mark Simari  
Chairman and Non-Executive Director

Date: 25 February 2025

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**XPON Technologies Group Limited and  
Controlled Entities**

**ACN 635 810 258**

**Half-year Report - 31 December 2024**

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**XPON Technologies Group Limited and Controlled Entities**  
**Contents**  
**31 December 2024**

Directors' report	2
Auditor's independence declaration	6
Consolidated statement of profit or loss and other comprehensive income	7
Consolidated statement of financial position	8
Consolidated statement of changes in equity	9
Consolidated statement of cash flows	11
Notes to the consolidated financial statements	12
Directors' declaration	20
Independent auditor's review report	21

**CORPORATE DIRECTORY**

**Directors**

Matt Forman - Managing Director  
Mark Simari - Non-Executive  
Chairman  
James Olsen - Non-Executive  
Director

**Registered Office**

Office 02 -115/310 Edward St,  
Brisbane City, QLD, 4000  
Australia  
[www.xpon.ai](http://www.xpon.ai)

**Auditors**

RSM Australia Partners  
Level 27, 120 Collins Street  
Melbourne VIC 3000  
Australia  
[www.rsm.com.au](http://www.rsm.com.au)

**Company Secretary**

Patricia Vanni and Sally  
Greenwood  
Automic Company Secretarial Pty  
Ltd [www.automicgroup.com.au](http://www.automicgroup.com.au)

**Share Registry**

Automic Group  
Level 5, 126 Phillip Street, Sydney  
NSW 2000  
[www.automicgroup.com.au](http://www.automicgroup.com.au)

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**XPON Technologies Group Limited and Controlled Entities  
Directors' report  
31 December 2024**

The directors submit the interim financial report of Xpon Technologies Group and its controlled entities (the Group) for the half year ended 31 December 2024.

**1. General information**

**Information on directors**

The following persons were directors of XPON Technologies Group Limited and Controlled Entities during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

The names of each person who has been a director during the half year and to the date of this report are:

Matt Forman - Managing Director  
Mark Simari - Non-Executive Chairman  
James Olsen - Non-Executive Director

Directors have been in office since the start of the financial year to the date of this report.

**Company Secretary**

Patricia Vanni and Sally Greenwood

**2. Operating results and review of operations for the year**

The loss for the Group after providing for income tax amounted to \$632,523 (31 December 2023: \$5,409,737).

**Review and Results of operations**

The table below includes adjustments for the following that are non-IFRS financial information and not subject to audit:

- Disposed subsidiaries: the financial results of the two divested subsidiaries are excluded to reflect the continuing business position;
- Onerous software contracts: costs of multi-year software contracts entered into by the Group during 2022 and 2023 to support the App Mod business - adjusted so as to reflect the continuing business position; and
- R&D & corporate expenses: itemisation of R&D costs given the Group does not capitalise R&D in addition to detail on various corporate expenses incurred as a listed entity – corporate expenses include costs for audit, tax, legal, D&O insurance, company secretarial, ASX, ASIC, and share registry services in addition to corporate/group/Board roles and their affiliated costs.

**XPON Technologies Group Limited and Controlled Entities**  
**Directors' report**  
**31 December 2024**

	31/12/2024			31/12/2023					CB Movement %
	Statutory	Adjusted for: R&D and Corp expenses <sup>3</sup>	Continuing Business (CB) (Non-IFRS measure)	Statutory	Disposed subsidiaries <sup>3</sup>	Adjusted for: Onerous software contracts <sup>3</sup>	R&D and Corp expenses <sup>3</sup>	Continuing Business (CB) (Non-IFRS measure)	
<b>Revenue</b>	<b>4,161,566</b>	-	<b>4,161,566</b>	<b>4,993,611</b>	<b>528,485</b>	-	-	<b>4,465,126</b>	-7%
Cost of sales	(1,128,898)	-	(1,128,898)	(1,332,190)	(194,744)	-	-	(1,137,446)	-1%
<b>Gross Profit</b>	<b>3,032,668</b>	-	<b>3,032,668</b>	<b>3,661,421</b>	<b>333,741</b>	-	-	<b>3,327,680</b>	-9%
<b>Gross Margin %</b>	<b>73%</b>	-	<b>73%</b>	<b>73%</b>	<b>63%</b>	-	-	<b>75%</b>	-2ppt
<b>Other income + Changes in fair value of financial liabilities</b>	<b>381,346</b>	<b>374,127</b>	<b>7,219</b>	<b>60,408</b>	-	-	-	<b>60,408</b>	-88%
Employee expenses	(2,525,758)	(956,322)	(1,569,436)	(4,339,891)	(750,095)	-	(1,531,242)	(2,058,554)	-24%
IT & Facilities expenses	(201,034)	-	(201,034)	(514,136)	(68,870)	(55,729)	-	(389,537)	-48%
General & Admin expenses	(688,458)	(349,151)	(339,307)	(1,042,320)	62,267	(130,348)	(886,482)	(87,757)	287%
<b>Total Operating Expenses</b>	<b>(3,415,250)</b>	<b>(1,305,473)</b>	<b>(2,109,777)</b>	<b>(5,896,346)</b>	<b>(756,698)</b>	<b>(186,077)</b>	<b>(2,417,724)</b>	<b>(2,535,847)</b>	-17%
<b>Operating EBITDA<sup>1</sup></b>	<b>(1,236)</b>	<b>(931,346)</b>	<b>930,110</b>	<b>(2,174,517)</b>	<b>(422,957)</b>	<b>(186,077)</b>	<b>(2,417,724)</b>	<b>852,241</b>	9%
Operating EBITDA %	0%	-	22%	-44%	-80%	-	-	19%	17%
Depreciation & amortisation expenses	(40,331)	-	(40,331)	(148,521)	(23,907)	-	-	(124,614)	-68%
<b>Operating EBIT<sup>1</sup></b>	<b>(41,567)</b>	<b>(931,346)</b>	<b>889,779</b>	<b>(2,025,996)</b>	<b>(446,864)</b>	<b>(186,077)</b>	<b>(2,417,724)</b>	<b>727,627</b>	22%
Write off of related party loan receivables	-	-	-	-	428,501	-	-	(428,501)	-
Loss from disposed subsidiaries	-	-	-	(2,925,616)	-	-	-	(2,925,616)	-
Wondaris R&D	-	145,333	(145,333)	-	-	-	290,731	(290,731)	-50%
Corporate expenses	-	1,160,140	(1,160,140)	-	-	-	2,126,993	(2,126,993)	-45%
<b>Statutory EBITDA<sup>1</sup></b>	<b>(1,236)</b>	<b>374,127</b>	<b>(375,363)</b>	<b>(5,100,133)</b>	<b>5,544</b>	<b>(186,077)</b>	-	<b>(4,919,600)</b>	-92%
<b>Consolidated EBIT<sup>1</sup></b>	<b>(41,567)</b>	<b>374,127</b>	<b>(375,363)</b>	<b>(4,951,612)</b>	<b>(18,363)</b>	<b>(186,077)</b>	-	<b>(5,044,213)</b>	-92%
Net finance expenses	(496,604)	(463,093)	(33,511)	(8,407)	-	-	-	(8,407)	299%
Tax expense	(94,352)	14,953	(94,352)	(152,676)	-	-	-	(152,676)	-28%
<b>NPAT</b>	<b>(632,523)</b>	<b>(74,013)</b>	<b>(558,510)</b>	<b>(5,112,695)</b>	<b>(18,363)</b>	<b>(186,077)</b>	-	<b>(4,883,131)</b>	-89%
<b>Statutory EBITDA to Adjusted Statutory EBITDA:</b>									
Statutory EBITDA \$	(1,236)	374,127	(375,363)	(5,100,133)	5,544	(186,077)	-	(4,919,600)	-92%
Add Back:									
Restructure related expenses	-	-	-	-	-	-	-	314,978	-100%
Write off of related party loan receivable	-	-	-	-	-	-	-	428,501	-
Loss from disposed subsidiaries	-	-	-	-	-	-	-	2,925,616	-
<b>Adjusted Statutory EBITDA<sup>2</sup></b>	<b>(1,236)</b>	<b>374,127</b>	<b>(375,363)</b>	<b>(5,100,133)</b>	<b>5,544</b>	<b>(186,077)</b>	-	<b>(1,250,505)</b>	70%

1. EBITDA and EBIT are unaudited metrics not prescribed by Australian Auditing Standards (AAS).

2. Adjusted Statutory EBITDA (unaudited) – Earnings before Interest, Tax, Depreciation and Amortisation is a non-IFRS disclosure. In the opinion of the Directors, the Group's Adjusted Statutory EBITDA reflects the results generated from ongoing operating activities which is used by Directors and management as measures in assessing the financial performance of the Group. The non-operating adjustments outlined in this table are considered to be non-cash and/or non-recurring in nature. These items are included in the Group's consolidated statutory result but excluded from the Adjusted Statutory EBITDA.

3. Refer to the commentary on the nature of the adjustments on the previous page.

**XPON Technologies Group Limited and Controlled Entities**  
**Directors' report**  
**31 December 2024**

*Revenue*

The Group reports revenue from continuing operations of \$4,161,566 for the half-year ending 31 December 2024, representing a 7% decline from the previous corresponding period considering the continuing business (31 December 2023: \$4,465,126). This revenue decrease is aligned with the sales strategy recalibration towards a higher base of Annualised Recurring Revenue for sustainable growth.

*Gross profit and margin*

The Group witnessed a slight decrease in gross margin by 2 ppts to 73% (2024: 75%). The underlying reason for this change is due to a shift in revenue mix with a lower proportion of higher-margin licensing and lower margin earned on a portion of resold Google licenses.

*Operating expenses*

Total operating expense from continuing business was \$2,109,777, representing a decrease of 17% over the previous corresponding six-month period (31 December 2023: \$2,535,847).

The decrease was in line with the restructure of the business to realign the cost base to market conditions and drive towards profitability. The cost reductions implemented in May 2023 and October 2023 – in aggregate, annualised cost saving initiatives since May 2023 total circa \$7.4 million.

*Loss from disposal of subsidiaries*

The \$2,925,616 loss from disposed subsidiaries for the half year ended 31 December 2023 relates to the financial performance and impairment of intangibles in relation to the Application Modernisation (App Mod) business for the period up until the divestment on 22 December 2023. The write off of related party loans receivable expense of \$428,501 also arose from the divestment of the App Mod business. Further details are provided in Note 5 of the financial statements.

*Financial Position*

On 31 December 2024, the Group had net liabilities of \$2,297,593 (June 2024: \$ 1,916,385), including cash of \$5,464,083 (June 2024: \$3,448,794). The Group had borrowings of \$1,049,332 (30 June 2024: \$1,044,741) as at 31 December 2024 which relates to the Convertible notes raised in February 2024. Further details of the Convertible Notes are provided in Note 9 of the financial statements.

*Significant changes in the current reporting period*

On 24 December 2024, the Noteholders approved a six-month extension of the Convertible Note's maturity date to 26 August 2025. Further details of the extension and its impacts are provided in Note 9 of the financial statements.

**3. Matters subsequent to the end of the financial half-year**

No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the the Group's operations, the results of those operations, or the the Group's state of affairs in future financial years.

**Auditor's independence declaration**

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the half year ended 31 December 2024 has been received and can be found on page 6 of the interim financial report.

**XPON Technologies Group Limited and Controlled Entities**  
**Directors' report**  
**31 December 2024**

This report is signed in accordance with a resolution of the Board of Directors.

On behalf of the directors



Mark Simari



Matt Forman

25 February 2025

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**RSM Australia Partners**

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## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of XPON Technologies Group Limited for the half year ended 31 December 2024 I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM

**RSM AUSTRALIA PARTNERS**

A L Whittingham

**A L WHITTINGHAM**  
Partner

Melbourne, VIC  
Dated: 25 February 2025

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**XPON Technologies Group Limited and Controlled Entities**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2024**

	Note	Consolidated 31 Dec 2024 \$	31 Dec 2023 \$
Revenue from contracts with customers	3	4,161,566	4,993,611
Cost of sales		<u>(1,128,898)</u>	<u>(1,332,190)</u>
Gross profit		3,032,668	3,661,421
Gain in fair value of financial liabilities	9	374,127	-
Other income		7,219	60,408
<b>Expenses</b>			
IT and Facilities expenses		(201,034)	(514,136)
Employee benefits expense		(2,299,148)	(3,997,917)
Superannuation expense		(217,473)	(292,125)
Depreciation and amortisation expense		(40,331)	(148,521)
Contractor expenses		(9,137)	(49,849)
Other expenses	4	(688,458)	(1,042,320)
Finance costs		(496,604)	(8,407)
Loss on disposal of subsidiaries	5	<u>-</u>	<u>(2,925,616)</u>
<b>Loss before income tax expense</b>		(538,171)	(5,257,061)
Income tax expense		(94,352)	(152,676)
<b>Loss after income tax expense for the half-year</b>		<u>(632,523)</u>	<u>(5,409,737)</u>
<b>Other comprehensive loss</b>			
<b>Items that will be reclassified to profit or loss</b>			
Exchange differences on translating foreign controlled entities		<u>(26,872)</u>	<u>(48,742)</u>
Other comprehensive loss for the half-year, net of tax		<u>(26,872)</u>	<u>(48,742)</u>
<b>Total comprehensive loss for the half-year</b>		<u>(659,395)</u>	<u>(5,458,479)</u>
<b>Loss per share</b>			
Basic loss per share	14	(0.17)	(1.78)
Diluted loss per share	14	(0.17)	(1.78)

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

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**XPON Technologies Group Limited and Controlled Entities**  
**Consolidated statement of financial position**  
**As at 31 December 2024**

	Note	Consolidated 31 Dec 2024 \$	30 Jun 2024 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		5,464,083	3,448,794
Trade and other receivables	7	4,407,688	4,023,887
Contract assets		-	125,714
Prepayments		77,369	226,080
Other assets		17,564	5,313
<b>Total current assets</b>		<u>9,966,704</u>	<u>7,829,788</u>
<b>Non-current assets</b>			
Property, plant and equipment		6,605	12,615
Intangible assets		1,376,720	1,406,803
Deferred tax		481,957	576,310
Other assets		13,533	21,220
<b>Total non-current assets</b>		<u>1,878,815</u>	<u>2,016,948</u>
<b>Total assets</b>		<u>11,845,519</u>	<u>9,846,736</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	8	10,816,005	8,204,011
Financial Liabilities - Derivatives	9	58,185	58,185
Borrowings	9	1,049,332	1,044,741
Employee benefits		378,783	469,474
Contract liabilities	10	1,643,602	1,653,323
Other provisions		125,272	258,509
<b>Total current liabilities</b>		<u>14,071,179</u>	<u>11,688,243</u>
<b>Non-current liabilities</b>			
Employee benefits		71,933	74,878
<b>Total non-current liabilities</b>		<u>71,933</u>	<u>74,878</u>
<b>Total liabilities</b>		<u>14,143,112</u>	<u>11,763,121</u>
<b>Net liabilities</b>		<u>(2,297,593)</u>	<u>(1,916,385)</u>
<b>Equity</b>			
Issued capital	11	22,630,147	22,630,147
Reserves	12	2,214,133	1,962,818
Accumulated losses		(27,141,873)	(26,509,350)
<b>Total equity deficit</b>		<u>(2,297,593)</u>	<u>(1,916,385)</u>

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

**XPON Technologies Group Limited and Controlled Entities**  
**Consolidated statement of changes in equity**  
**For the half-year ended 31 December 2024**

<b>Consolidated</b>	<b>Ordinary Shares \$</b>	<b>Foreign Currency Translation Reserves \$</b>	<b>Employee Share Based Payment Reserves \$</b>	<b>Accumulated Losses \$</b>	<b>Total equity deficit \$</b>
Balance at 1 July 2023	21,796,430	48,206	1,736,778	(19,498,653)	4,082,761
Loss after income tax expense for the half-year	-	-	-	(5,409,737)	(5,409,737)
Other comprehensive loss for the half-year, net of tax	-	(48,742)	-	-	(48,742)
Total comprehensive loss for the half-year	-	(48,742)	-	(5,409,737)	(5,458,479)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	-	-	30,619	-	30,619
Share Appreciation Rights	-	-	42,991	-	42,991
Balance at 31 December 2023	21,796,430	(536)	1,810,388	(24,908,390)	(1,302,108)

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

**XPON Technologies Group Limited and Controlled Entities**  
**Consolidated statement of changes in equity**  
**For the half-year ended 31 December 2024**

<b>Consolidated</b>	<b>Ordinary Shares</b> \$	<b>Foreign Currency Translation Reserves</b> \$	<b>General Reserves</b> \$	<b>Employee Share Based Payment Reserves</b> \$	<b>Accumulated Losses</b> \$	<b>Total equity deficit</b> \$
Balance at 1 July 2024	22,630,147	(4,678)	42,961	1,924,535	(26,509,350)	(1,916,385)
Loss after income tax expense for the half-year	-	-	-	-	(632,523)	(632,523)
Other comprehensive loss for the half-year, net of tax	-	(26,872)	-	-	-	(26,872)
Total comprehensive loss for the half-year	-	(26,872)	-	-	(632,523)	(659,395)
<i>Transactions with owners in their capacity as owners:</i>						
Share based payment transactions (Note 12 )	-	-	-	278,187	-	278,187
Balance at 31 December 2024	22,630,147	(31,550)	42,961	2,202,722	(27,141,873)	(2,297,593)

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

**XPON Technologies Group Limited and Controlled Entities**  
**Consolidated statement of cash flows**  
**For the half-year ended 31 December 2024**

Note	Consolidated	
	31 Dec 2024	31 Dec 2023
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	7,080,356	6,895,807
Payments to suppliers and employees (inclusive of GST)	(4,961,038)	(8,693,908)
Interest received	5,255	4,935
Interest and other costs of finance paid	(84,375)	(705)
	<u>2,040,197</u>	<u>(1,793,871)</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	1,964	3,201
Proceeds/(payment) from disposal of businesses	-	(261,522)
	<u>1,964</u>	<u>(258,321)</u>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	-	(56,927)
	<u>-</u>	<u>(56,927)</u>
Net increase/(decrease) in cash and cash equivalents	2,015,289	(2,109,119)
Cash and cash equivalents at the beginning of the financial half-year	3,448,794	4,415,166
Effects of exchange rate changes on cash and cash equivalents	(26,872)	(48,782)
	<u>5,464,083</u>	<u>2,257,265</u>
Cash and cash equivalents at the end of the financial half-year		

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

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**XPON Technologies Group Limited and Controlled Entities**  
**Notes to the consolidated financial statements**  
**31 December 2024**

**Note 1. Basis of Preparation**

The interim financial report covers XPON Technologies Group Limited ('the Company') and its controlled entities ('the Group'). XPON Technologies Group Limited is a for-profit Company limited by shares, incorporated and domiciled in Australia.

The principal activities of the Company for the half-year ended 31 December 2024 was the provision of:

- software enabled managed services to help companies manage business-critical marketing platforms, Adtech, ML / AI and cloud technologies;
- agile cloud-native software solutions with our unique IP that helps corporate & enterprise clients build and modernise customer-facing applications and products; and
- a next-generation data platform for marketers that centralizes customer & marketing data, supercharging it with AI for automated activation.

Each of the entities within the Group prepares its financial statements based on the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 25 February 2025.

As at 30 June 2024, management reassessed the disposal of subsidiaries presentation in the profit or loss and other comprehensive income statement and concluded it did not meet the criteria for discontinued operations. Consequently, the comparative figures for the period ending 31 December 2023, have been re-presented to exclude the discontinued operations disclosure.

This consolidated interim financial report for the reporting period ending 31 December 2024 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

The interim financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. This consolidated financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2024, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The financial statements have been prepared on an accrual basis and are based on historical costs.

Significant accounting policies adopted in the preparation of these financial statements are consistent with prior reporting periods unless otherwise stated.

**XPON Technologies Group Limited and Controlled Entities**  
**Notes to the consolidated financial statements**  
**31 December 2024**

**Note 1. Basis of Preparation (continued)**

**Going Concern note disclosure – material uncertainty related to going concern**

**Going Concern**

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a loss of \$632,523. As at that date the Group had net current liabilities of \$4,104,475 and net liabilities of \$2,297,593.

These factors indicate a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern, after consideration of the following factors:

- The restructure of the business realigned the cost base to market conditions, along with the cost reductions implemented in May 2023 and October 2023, and ongoing cost management and process optimisation, are expected to drive the Group towards being cash flow positive and profitability;
- The Group has reached the agreement with the Noteholders for the extension of the maturity date of the Convertible notes by a further 6 months from February 2025 to August 2025 to assist with immediate working capital requirements;
- The Directors are confident of the Group's ability to raise additional funds and/or capital as is necessary to meet obligations as they fall due; and
- The Directors are pursuing strategic opportunities to further improve the business' future prospects.

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

**Note 2. New and amended standards adopted by the Group**

The Group has adopted all standards which became effective for the first time at 1 July 2024, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

**XPON Technologies Group Limited and Controlled Entities**  
**Notes to the consolidated financial statements**  
**31 December 2024**

**Note 3. Revenue from contracts with customers**

**Disaggregation of revenue**

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

	<b>Consolidated</b>	
	<b>31 Dec 2024</b>	<b>31 Dec 2023</b>
	\$	\$
<b>Major services line</b>		
Licenses	2,663,538	3,016,356
Managed Services	69,000	491,615
Project Management Services	283,133	705,323
Usage fees	1,145,895	780,317
	<u>4,161,566</u>	<u>4,993,611</u>
<b>Geographical regions</b>		
Australia	3,839,172	4,467,308
United Kingdom	322,394	526,303
	<u>4,161,566</u>	<u>4,161,566</u>
<b>Timing of revenue recognition</b>		
Services transferred over time	3,015,671	4,213,294
Services transferred at a point in time	1,145,895	780,317
	<u>4,161,566</u>	<u>4,161,566</u>

**Note 4. Other expenses**

	<b>Consolidated</b>	
	<b>31 Dec 2024</b>	<b>31 Dec 2023</b>
	\$	\$
Consulting and accounting expenses	64,318	225,311
Compliance expenses	130,284	239,583
Research and development expenses	145,227	255,484
Other expenses	348,629	321,942
	<u>688,458</u>	<u>1,042,320</u>

**XPON Technologies Group Limited and Controlled Entities**  
**Notes to the consolidated financial statements**  
**31 December 2024**

**Note 5. Loss on disposal of subsidiaries**

On 22 December 2023, the Group entered into a share purchase agreement to sell the non-core App Mod business to Peppermint Innovation Ltd (PIL). The App Mod business includes two subsidiary companies, XPON Digital Limited (UK Company) and Holoscribe Australia Pty Ltd (Australian Company). 100% of the issued shares of both companies have been acquired by PIL with a payment of £1 GBP and on terms usual for a transaction of this type.

An analysis of the fair value of the App Mod business' net assets to the net proceeds resulted in a loss on disposal of \$2,925,616.

	\$
Cash consideration received	2
Total disposal consideration	<u>2</u>
Carrying value of net assets disposed	(301,426)
Carrying value of goodwill, intangible assets & deferred tax liability allocated to disposed subsidiaries on consolidation	(2,624,192)
Loss on sale before income tax	<u>(2,925,616)</u>
Income tax on disposal of foreign currency	-
Loss on disposal after income tax	<u>(2,925,616)</u>

**Note 6. Operating Segments**

*Identification of reportable operating segments*

The Group has determined that it only has one operating segment. The operating segment identified is based on the internal reports that are received and used by the chief operating decision-makers in assessing performance and determining the allocation of resources. All significant operating decisions are based upon the analysis of the Group as one segment.

The financial results from the segment are equivalent to the financial statements of the group as a whole.

**Note 7. Trade and Other Receivables**

	<b>Consolidated</b>	
	<b>31 Dec</b>	<b>30 Jun</b>
	<b>2024</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	4,473,207	4,064,039
Other receivables	24,438	10,805
Less: Allowance for expected credit losses	<u>(89,957)</u>	<u>(50,957)</u>
<b>Total current trade and other receivables</b>	<u><b>4,407,688</b></u>	<u><b>4,023,887</b></u>

**XPON Technologies Group Limited and Controlled Entities**  
**Notes to the consolidated financial statements**  
**31 December 2024**

**Note 7. Trade and Other Receivables (continued)**

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

**Impairment of trade receivables**

	<b>Consolidated</b>	
	<b>31 Dec 2024</b>	<b>30 Jun 2024</b>
	<b>\$</b>	<b>\$</b>
<b>Opening balance</b>	50,957	127,515
Additional impairment loss recognised	39,000	22,436
Amounts written off as uncollectible	-	(98,994)
	<u>89,957</u>	<u>50,957</u>

The Group applies the simplified approach to providing for expected credit losses (ECL) prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected credit loss rates are based on the payment profiles (using a provision matrix) of sales over a period of 3 years before 31 December 2024 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information including macroeconomic factors that affect the ability of the customers to settle the receivables.

**Note 8. Trade and Other Payables**

	<b>Consolidated</b>	
	<b>31 Dec 2024</b>	<b>30 Jun 2024</b>
	<b>\$</b>	<b>\$</b>
Trade payables	10,004,530	6,770,455
GST payable	98,255	1,254,668
Accruals and other payables	713,220	178,888
	<u>10,816,005</u>	<u>8,204,011</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 to 45 days (with Google supplier having a 45-day credit term). The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

**XPON Technologies Group Limited and Controlled Entities**  
**Notes to the consolidated financial statements**  
**31 December 2024**

**Note 9. Borrowings**

	<b>Consolidated</b>	
	<b>31 Dec 2024</b>	<b>30 Jun 2024</b>
	<b>\$</b>	<b>\$</b>
Financial Liabilities - Derivatives	58,185	58,185
Loans payable	1,423,459	1,044,741
<b>Total borrowings<sup>1</sup></b>	<b>1,481,644</b>	<b>1,102,926</b>

**<sup>1</sup> Convertible notes**

The Group issued 45,000,000 Convertible Notes for \$1.125 million on 26 February 2024. The interest rate is 15% per annum, payable quarterly in arrears. The notes are convertible into ordinary shares of the Group, at the option of the holder, or repayable on 26 February 2025 at 140% of the outstanding Face Value plus any accrued but unpaid interest. The conversion rate is one share for each note. Noteholders received 1 free-attaching Warrant for every 2 Convertible Notes held, exercisable immediately from grant into ordinary fully paid shares at a 15% discount to the 15-day VWAP (as defined in the ASX Listing Rules) immediately prior to exercise of the Warrant(s) and expiring 31 January 2026.

On 24 December 2024, the Noteholders approved a six-month extension of the maturity date to 26 August 2025, with an interest rate of 20% per annum for the extended period. The extension was assessed as a substantial modification. As a result, the original financial liability was derecognised and the new liability was recognised at its fair value. The difference between the carrying amount of the original liability and the fair value of the new liability was charged in profit or loss result.

The convertible loans comprise: (a) a debt instrument; (b) a conversion feature to exchange the loans for a fixed number of equity instruments and (c) a derivative liability component for the warrants. In valuing the convertible loans it was necessary to determine the fair value of the liability component and subtract this value from the face value of the convertible loans to determine the equity component.

The convertible notes are presented in the statement of financial position as follows:

	<b>Equity</b>	<b>Derivative financial Liabilities - Warrants</b>	<b>Borrowings - Host debt liability</b>
Opening balance as at 30 June 2024	42,961	58,185	1,044,741
Unwinding Interest expense	-	-	463,091
Repayment of Interest payable	-	-	(84,375)
Gain in fair value due to extension	-	-	(374,125)
<b>Amount presented on statement financial position as at 31 December 2024</b>	<b>42,961</b>	<b>58,185</b>	<b>1,049,332</b>

**Defaults and breaches**

During the current and prior year, there were no defaults or breaches on any of the loans.

**XPON Technologies Group Limited and Controlled Entities**  
**Notes to the consolidated financial statements**  
**31 December 2024**

**Note 10. Contract Liabilities**

	<b>Consolidated</b>	
	<b>31 Dec</b>	<b>30 Jun</b>
	<b>2024</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Licenses	1,556,229	1,493,242
Managed services	-	28,000
Project services	87,373	132,081
<b>Total contract liabilities</b>	<u>1,643,602</u>	<u>1,653,323</u>

The balance of contract liability is for clients that pay us in advance of services being delivered. The movement of contractor liability relates to the timing of contract renewals as well as new clients paying in advance as per payment terms.

**Note 11. Issued Capital**

	<b>Consolidated</b>	
	<b>31 Dec</b>	<b>30 Jun</b>
	<b>2024</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
362,441,495 fully paid ordinary shares	23,418,610	23,418,610
Share issue costs net of deferred tax	(788,463)	(788,463)
<b>Total</b>	<u>22,630,147</u>	<u>22,630,147</u>

No additional shares were issued during the period. The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll, each share is entitled to one vote.

**Note 12. Reserves**

**(a) Foreign currency translation reserve**

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

	<b>Consolidated</b>	
	<b>31 Dec</b>	<b>30 Jun</b>
	<b>2024</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Foreign currency translation reserve	(31,550)	(4,678)

**(b) Employee option reserve**

This reserve records the cumulative value of employee service received for the issue of share options. When the option is exercised the amount in the share option reserve is transferred to share capital.

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**XPON Technologies Group Limited and Controlled Entities**  
**Notes to the consolidated financial statements**  
**31 December 2024**

**Note 12. Reserves (continued)**

	<b>Consolidated</b>	
	<b>31 Dec 2024</b>	<b>30 Jun 2024</b>
	<b>\$</b>	<b>\$</b>
<b>Employee option reserve</b>		
Opening balance	1,924,535	1,736,778
Share based payment expenses	278,187	187,757
<b>Total Employee option reserve</b>	<u>2,202,722</u>	<u>1,924,535</u>

Employee Option Plan

The share based payment expense recognise during the half year is included within the 'employee benefits expense' category in the consolidated statement of profit or loss and other comprehensive income. No additional options were awarded or forfeited during the half year.

**Note 13. Events after the reporting period**

No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the the Group's operations, the results of those operations, or the the Group's state of affairs in future financial years.

**Note 14. Loss per share**

	<b>Consolidated</b>	
	<b>31 Dec 2024</b>	<b>31 Dec 2023</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax	<u>(632,523)</u>	<u>(5,409,737)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>362,441,495</u>	<u>303,608,169</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>362,441,495</u>	<u>303,608,169</u>
	<b>Cents</b>	<b>Cents</b>
Basic loss per share	(0.17)	(1.78)
Diluted loss per share	(0.17)	(1.78)

**XPON Technologies Group Limited and Controlled Entities**  
**Directors' declaration**  
**31 December 2024**

In the directors' opinion:

- (a) the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- (b) the attached financial statements and notes give a true and fair view of the Group financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and
- (c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Mark Simari



Matt Forman

25 February 2025

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**INDEPENDENT AUDITOR'S REVIEW REPORT**  
**To the Members of XPON Technologies Group Limited**

*Conclusion*

We have reviewed the accompanying half-year financial report of XPON Technologies Group Limited (the Company) and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

*Basis for Conclusion*

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

*Material Uncertainty Related to Going Concern*

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of \$632,523 during the half year ended 31 December 2024. As of that date, the Group's current liabilities exceeded its current assets by \$4,104,475 and had net liabilities of \$2,297,593. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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*Directors' Responsibility for the Half-Year Financial Report*

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility for the Review of the Financial Report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in black ink that reads "RSM".

**RSM AUSTRALIA PARTNERS**

A handwritten signature in black ink that reads "A L Whittingham".

**A L WHITTINGHAM**  
Partner

Melbourne, VIC  
Dated: 25 February 2025