



ASX Announcement

25 February 2025

XPON HI FY25 results and Appendix 4D

XPON Technologies Group Ltd (ASX:XPON) (**XPON** or the **Company**), an AI marketing technology company is pleased to release its Appendix 4D and half yearly report for the six month period ended 31 December 2024 (HI FY25).

The following commentary and financial metrics have been presented and compared on a continuing business basis, excluding all revenue and expenses associated with the App Mod business divested in December 2023.

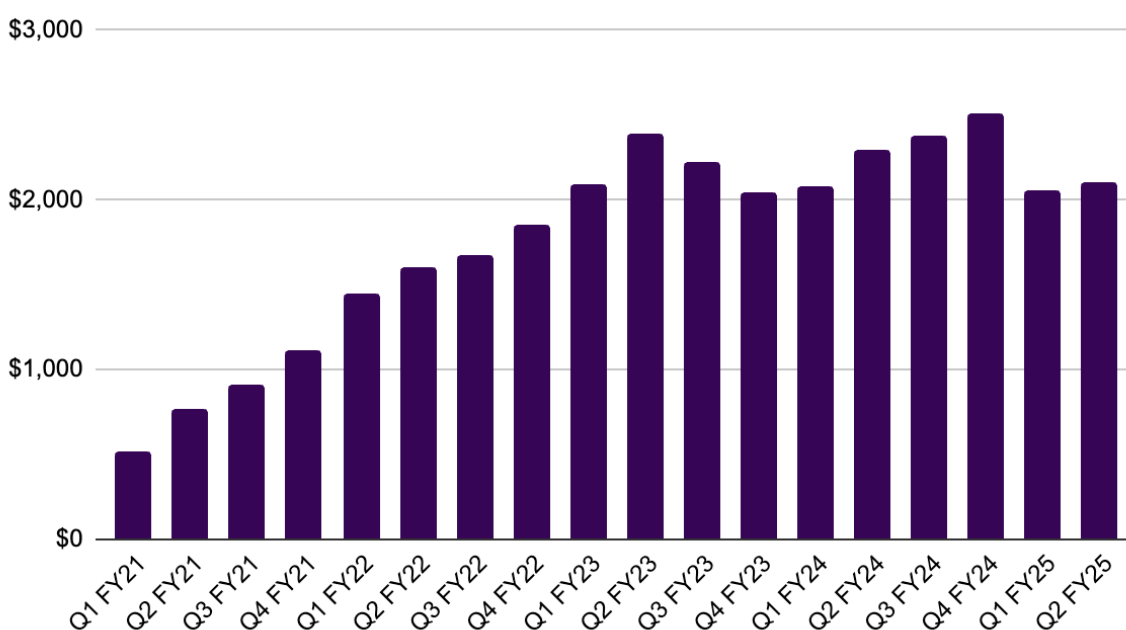
Key Points - HI FY25

- 7 new customers were landed and 12 existing customers were expanded during the half with strong monthly customer retention of 98.9%. There is a strong pipeline from customers landed in HI expected to move into expansion deals during H2.
- Revenue performed in line with previous guidance regarding softer topline revenue YoY as the sales strategy is recalibrated - with revenue of \$4.2m in 1H FY25. 93% of revenue in the half was recurring.
- Gross margin of 73%, slightly down by 2 ppts YoY.
- Improvement in Statutory EBITDA by \$4.5m YoY to \$0.4m loss compared to a \$4.9m loss in 1H FY24.
- Ongoing cost management and process optimisation to deliver c\$0.9m in additional annualised cost savings.
- Won Australian 2024 AI Award in the category of "AI Innovation - Media & Communication Services"
- As announced on 15 January 2025, the Company has extended the convertible note until 26 August 2025 to further strengthen its financial position.
- With proactive repayment of aged accounts payable, full year FY25 cash flow break even may be impacted, however targeting cash flow breakeven on an annualised basis by end of FY25.
- Founder & Group CEO, Matt Forman and CFO, Rebecca He's video presentation discussing the HI results is available to view here: <https://investorhub.xpon.ai/link/mep8Xe>

Key Financial Metrics - 1H FY25 vs 1H FY24

	1H FY25	+/- 1H FY24
Revenue	\$4.2m	-7%
Gross profit	\$3.0m	-9%
Gross margin	73%	-2 pts
Statutory EBITDA ¹	(\$0.4m)	+\$4.5m
Cash at bank	\$5.5m	+\$3.2m

Martech Revenue by quarter



Commenting on the Company's performance, Founder, and Group CEO, Matt Forman said: "We are pleased to see the business is tracking strongly against our strategic roadmap with the sales recalibration delivering much higher levels of recurring revenue (93% in H1) and a strong pipeline of customers landed in H1 expected to move into expansion deals during H2.

Our team has successfully undergone a comprehensive process redesign aimed at simplifying and optimising our workflows. Combining these simplified workflows with state-of-the-art AI automation we are delivering 'more for less' and achieved c\$0.9m in additional annualised cost savings. These enhancements not only position us strongly for future profitability but also significantly uplift our overall capabilities and scalability, positioning us to deliver even greater value for customers and shareholders.

We are proactively taking advantage of a stronger cash position and recent customer wins to optimise our balance sheet. Combined with vigilant working capital management and a sharp focus on cost control, the large improvement in Adjusted EBITDA clearly demonstrates our

¹ Statutory EBITDA is an unaudited metric calculated by excluding interest, taxes, depreciation, and amortisation.

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progress and commitment towards profitability and achieving cash flow breakeven on an annualised basis by the end of FY25.

Our technical capability, AI expertise and value proposition for customers was again validated with the Australian 2024 AI Award in the category of "AI Innovation - Media & Communication Services."

Outlook and Priorities

The Company has clear priorities for the balance of the financial year:

- Continue to monitor and optimise the recalibration of the sales strategy towards high margin long term recurring revenue growth
- Capitalise on our leading market position by driving continued AI innovation with Wondaris to accelerate sales cycles and enhance value realisation for customers
- Focus on sustainable profitability by leveraging our relationship with Google for pipeline generation and growing our recurring customer base
- Progress strategic partnering and exploring M&A opportunities to enhance shareholder value while addressing balance sheet and convertible note refinancing to strengthen financial stability
- Ensure XPON sustains a strong corporate culture and maintains high employee engagement and motivation
- Continue to monitor and manage our cost profile in line with business performance. With proactive repayment of aged accounts payable, full year FY25 cash flow break even may be impacted, however targeting cash flow breakeven on an annualised basis by end of FY25.

The announcement has been approved for release by the Board of Directors of XPON Technologies Group Limited ACN 635 810 258

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Glossary

Annualised Recurring Revenue (ARR):	represents monthly contracted recurring revenue multiplied by 12. An annualised measure of the revenue that XPON expects to earn from its customers on a repeatable basis. This metric shows the impact of new customer contracts less any churn from customers leaving or downgrading their contracts.
Monthly customer retention rate	the percentage of customers that are retained on a monthly basis and are not lost due to customer churn over the last 12 months (and divided by 12 to get a monthly view).

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