



XPON Technologies Group Limited

FY25 Interim Results Presentation

25 February 2025

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<https://investorhub.xpon.ai/link/mep8Xe>



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Basis of presentation

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

**XPON is an AI marketing
technology company.**

**Our mission is to
modernise marketing and
customer experience.**



POWERED EXPONENTIALLY



XPON's products
and services create
a better ROI for
businesses by:










Improving targeting and measurement to increase marketing effectiveness



Activating customer data to deliver more personalised and profitable customer experiences



Our products are supported by services to ensure secure and effective value creation for customers

Products		Revenue	Type
	XPON's cloud-based platform that centralises customer data, enriches it with Machine Learning (ML) and AI, and allows rapid and simple activation of more profitable marketing programs.	Licenses	
	Scalable platform that provides computing, storage, analytics, Machine Learning (ML) and Artificial Intelligence (AI) capability tailored for Marketing and CX.	Usage Fees	
	Online advertising and analytics platform and tools for business to manage media spend more effectively.	Licenses Usage Fees	
Services			
Project services	Consulting to help businesses use our technology products, including implementation, training, digital transformation project services, and AI readiness services.	Project Fees	\$
Managed services	Enablement and support to accelerate product uptake and continued value realisation of our technology products.	Managed Service Subscription	

 Recurring \$ Non-Recurring

Blue-chip customer base that is deploying XPON's solutions



Financial services



Retail & travel



Media & entertainment



Other





Continued momentum

Excellent progress against strategic roadmap

- ✓ Sales recalibration
- ✓ Workflows optimised
- ✓ Capital management
- ✓ Targeted cash flow breakeven

Statutory EBITDA
(\$375k) improved by
\$4.5m YoY¹

Won prestigious
Australian 2024 AI
Award - Media &
Communication
Services

Note:

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



Key Highlights

Clear focus is delivering outcomes

- **Customers** - 7 new customers were landed and 12 existing customers were expanded during the half year.
- **Revenue Momentum** - Revenue performed in line with previous guidance with a strong pipeline from customers landed in H1 moving to expansion deals during H2.
- **Path to profitability** - significant improvement in Statutory EBITDA by \$4.5m YoY to (\$0.4m)
- **Costs reduced significantly** - ongoing cost management and process optimisation to deliver an additional c\$0.9m in annualised cost savings.
- **Awards** - Won Australian 2024 AI Award in the category of "AI Innovation - Media & Communication Services".
- **Post reporting date** - Convertible Note extended until 26 August 2025 to further strengthen the financial position



Key financial metrics - H1 FY24 comparison ¹

Financial metrics are presented on a continuing business basis (excluding all revenue and expenses associated with the App Mod business divested in December 2023)

\$4.2m 7%

REVENUE

\$3.0m 9%

GROSS PROFIT

\$(0.4m) \$4.5m improvement

STATUTORY EBITDA²

73% 2ppt

GROSS PROFIT MARGIN %

Note:

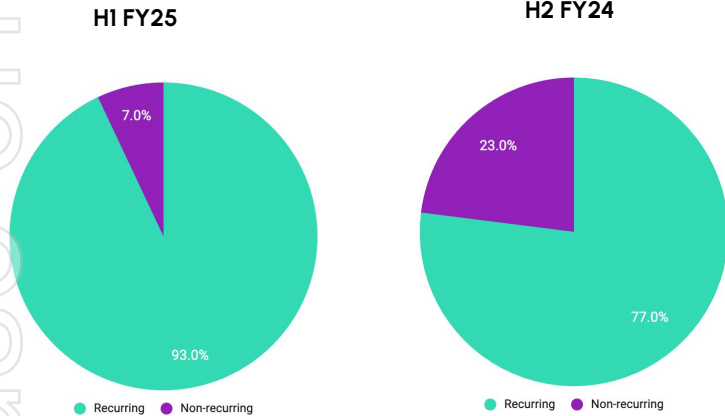
1. Audited with the exception of Statutory EBITDA which is an unaudited metric. Compared to H1 FY24
2. Statutory EBITDA is an unaudited metric calculated by excluding interest, taxes, depreciation, and amortisation.

Successful Recalibration to Recurring Revenue^{1,2}

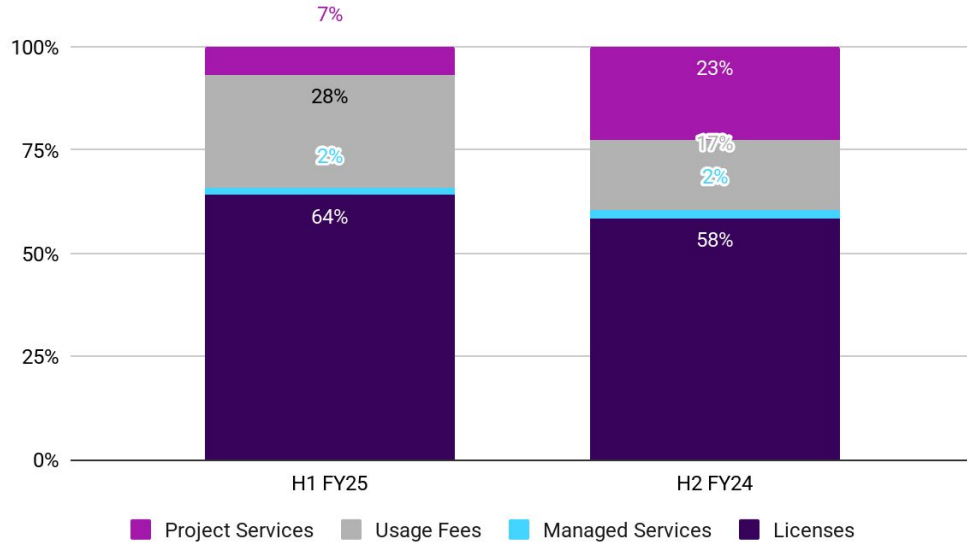


Sales strategy recalibration to expand our recurring revenue stream for long-term growth on track with mix expected to stabilise moving forward.

Recurring vs. non-recurring revenue



Revenue by type



Note:

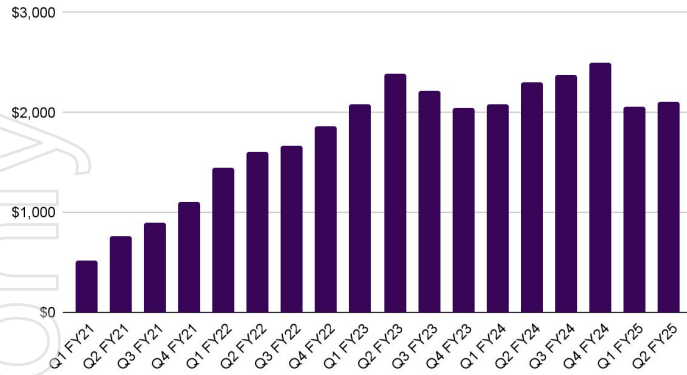
1. Figures have not been subject to review by auditors.

2. Financial metrics, including recurring revenue, non-recurring revenue and revenue type, are presented on a continuing business basis (excluding all revenue associated with the App Mod business divested in December 2023)

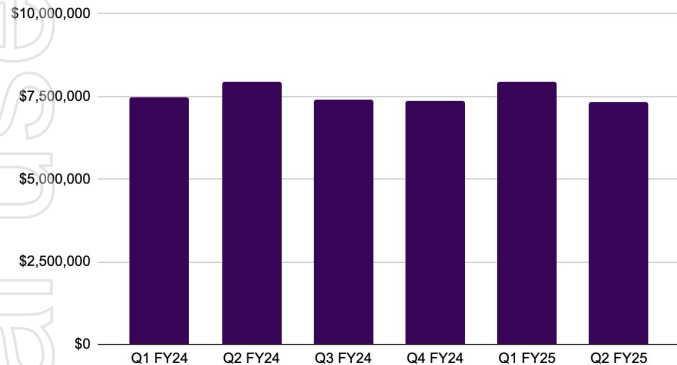


Revenue and ARR

Revenue by quarter



ARR



- Revenue in line with previous guidance regarding softer topline revenue YoY as the sales strategy is recalibrated.
- Strong pipeline from customers landed in H1 moving to expansion deals during H2.
- 7 new customers were landed and 12 existing customers were expanded during the half.
- Continued strong monthly customer retention rate of 98.9%¹
- ARR decline was driven by seasonally lower variable usage fees at December exit and revenue churn from some existing Google licences.
- Secured new customers during the reporting period, their expansions have not yet offset the churn, contributing to the lower ARR.



Profit & Loss summary

Half-year ended 31 December	31-Dec-24 \$'000	31-Dec-23 \$'000	Movement %
Revenue	4,162	4,465	(7%)
Cost of sales	(1,129)	(1,337)	(1%)
Gross profit (A\$)	3,033	3,328	(9%)
Gross profit margin %	73%	75%	(2%)
Other Income	7	60	(88%)
R&D; corporate & other expenses ¹	(1,305)	(5,772)	(77%)
Operating expenses	(2,110)	(2,536)	(17%)
Statutory EBITDA (A\$)²	(375)	(4,919)	92%

Note:

1. Other expenses include the write off of related party loan & loss from disposed subsidiaries

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

- **Revenue** decreased by 7% to \$4.2m, inline with previous guidance as the sales strategy is recalibrated
- **Gross Profit** decreased by 9% to \$3m and gross margin reduced by 2 pts, due to a lower proportion of higher-margin licensing and lower margin earned on a portion of resold Google licenses.
- **R&D, corporate & other expenses¹** decreased significantly by 77% to \$1.3m
- **Operating expenses** decreased by 17% to \$2.1m benefiting from the ongoing cost management and process optimisation delivering additional annualised cost savings of c\$0.9m.
- **Statutory EBITDA** improved by 92% to (\$0.4m) demonstrating clear path to profitability



Balance sheet

For the year ended 31 Dec 24	Dec 24 \$'000	Jun 24 \$'000	Movement
TOTAL ASSETS			
Cash and cash equivalents	5,464	3,449	58%
Trade and other receivables	4,408	4,024	10%
Intangible assets	1,377	1,407	(2%)
Other assets	597	967	(38%)
TOTAL ASSETS	11,846	9,847	20%
TOTAL LIABILITIES			
Trade and other payables	10,816	8,204	(32%)
Borrowings	1,049	1,045	(0.4%)
Contract liabilities	1,644	1,653	1%
Other liabilities	634	861	26%
TOTAL LIABILITIES	14,143	11,763	(20%)
NET ASSETS	(2,298)	(1,916)	(20%)
EQUITY			
Issued capital	22,630	22,630	-
Reserves	2,214	1,963	(13%)
Accumulated Losses	(27,142)	(26,509)	(2%)
TOTAL EQUITY	(2,298)	(1,916)	(20%)

- Focus on strengthening balance sheet stability through:
 - improving working capital management
 - addressing convertible note refinancing (repayment value \$1.6m extended to Aug 25)
- Cash position of \$5.5m supports FY25 cash flow annualised break-even
- Cash \$2.0m YoY improvement, which will be utilised to proactively accelerate the payment of aged accounts payables.
- H1 accumulated losses reduced to \$0.6m, demonstrating improvement and a positive trajectory in our EBITDA
- \$1.6m contract liabilities at Dec 24 representing payments received in advance from customers with revenue to be realised in future periods.

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Outlook and priorities



FY25 - FY27 Strategic Roadmap



Horizon 1

Horizon 2

Horizon 3

Realign for sustainable growth

- Reset the sales motion to grow a sustainable recurring revenue base (ARR) with primary focus on AUNZ.
- Develop people & capability to build on our culture, simplify workflows and alignment of rewards to business profitability.
- Optimise balance sheet and establish capital profile to support future organic & inorganic growth opportunities.
- Cash flow breakeven in FY25.

Platform for scale

- Extend and diversify the distribution channels for our solutions.
- Explore accretive inorganic growth opportunities to expand solution offerings and recurring customer base.
- Invest in developing Wondaris® and AI solutions to further accelerate product adoption and global appeal.
- AI automation and simplification of workflows and service delivery.
- Strengthen balance sheet and optimise a self funding cash flow and EBITDA profile.

Scalable profitability

- Accelerate accretive inorganic growth that will scale on the XPON platform.
- Targeting organic growth at rule of 40 or better.
- Annualised Recurring Revenue (ARR) represents $\geq 85\%$ of revenues.
- Extension of vertical industry offerings to new sectors.
- Advanced AI adoption that streamlines service delivery and co-pilots our people.



Outlook and priorities

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.

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Appendices



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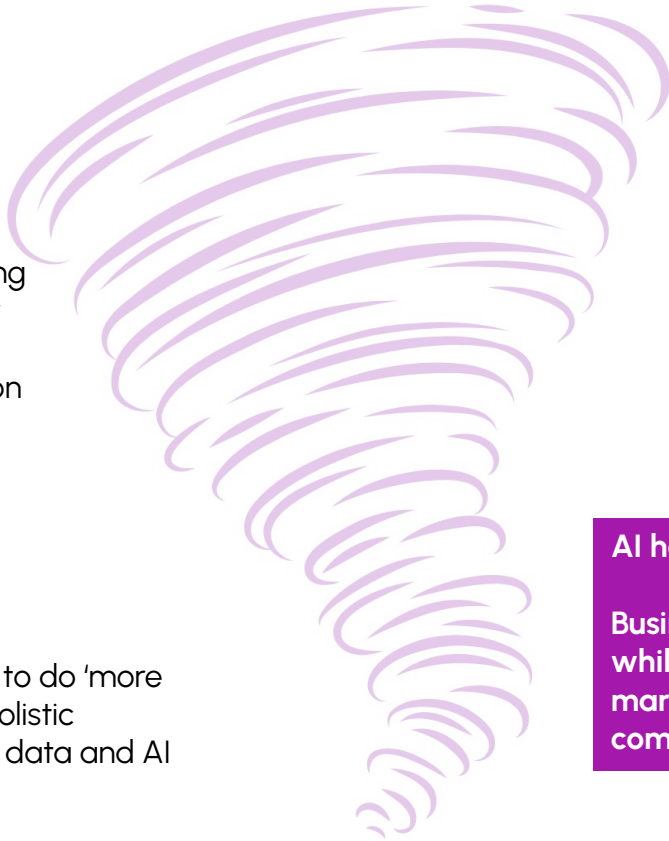
Leading position in AI Marketing

POWERED EXPONENTIALLY





What is disrupting marketing?



GLOBAL PLATFORMS (like Google & Meta) are deeply embedding AI into their advertising solutions - automating a lot of activities traditionally done by marketers and agencies. This means marketers and agencies must focus on capturing and using data more effectively to inform the AI's.



MARKETERS are dealing with increasingly large amounts of complex data that is becoming more regulated with changes in privacy laws. **This complexity necessitates the adoption of AI to help simplify.**



CMO's are under continued pressure to do 'more with less' and are demanding more holistic solutions that include content, media, data and AI from their marketing agencies.

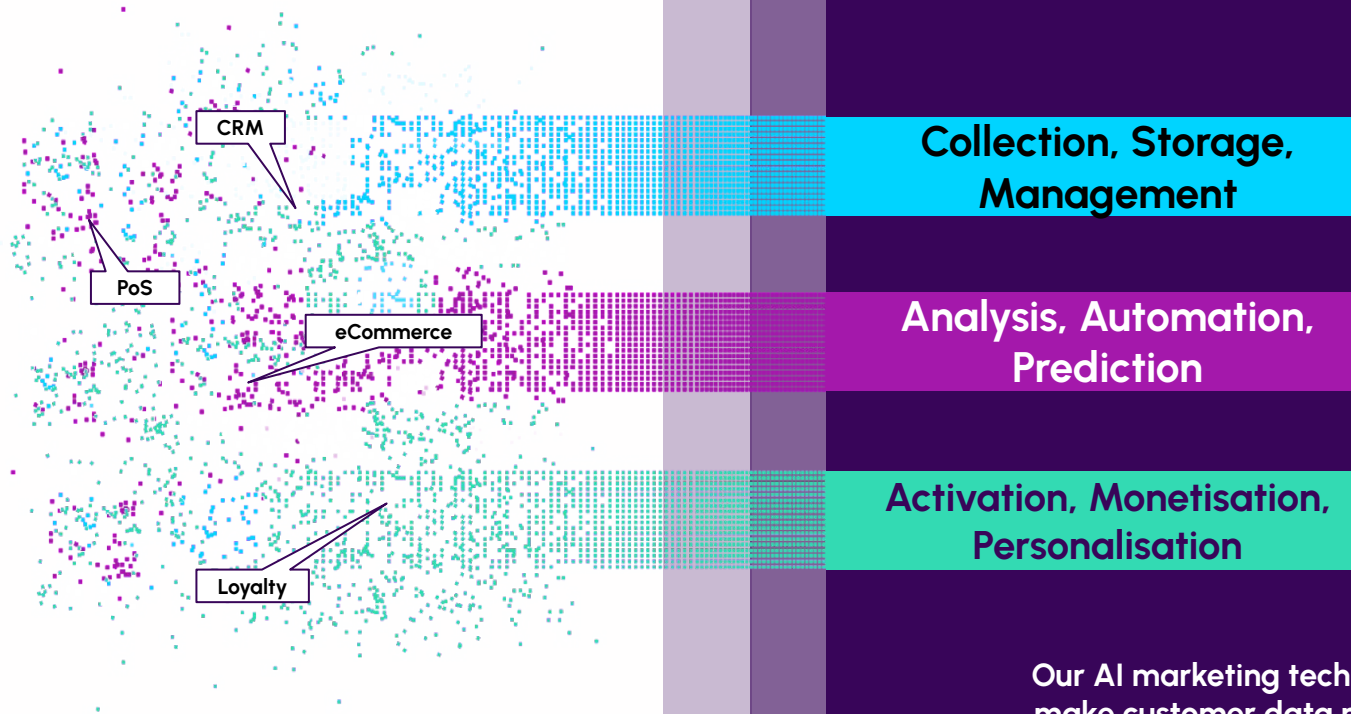
AI has a flywheel effect on this landscape.

Businesses using AI will evolve more quickly, while businesses that don't adopt AI marketing quickly will fall behind their competition.



Customer data is a challenge - and an opportunity

Internal use only



**Collection, Storage,
Management**

**Analysis, Automation,
Prediction**

**Activation, Monetisation,
Personalisation**

Our AI marketing technology solutions
make customer data more accessible,
valuable, and profitable.



What is AI Marketing?

AI Marketing is the use of artificial intelligence to enhance marketing outcomes and automate marketing tasks.

The predominant forms of AI in marketing are:

Predictive AI

for forecasting customer behaviours

Generative AI

for creating content

AI automation

for streamlining repetitive tasks

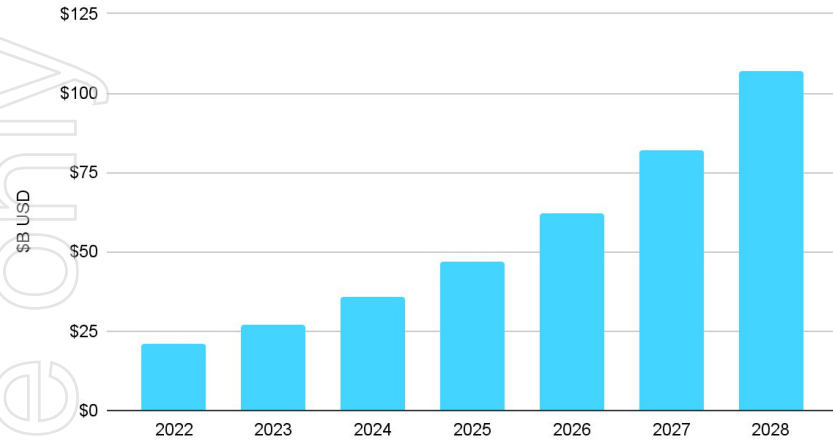
- **AI can analyse** vast amounts of data such as consumer shopping behaviour and brand interactions, generating insights quickly.
- AI and Machine Learning models allow cost-effective application these insights, **enabling highly-personalised marketing messages**, targeted advertising and product recommendations.
- **AI can also generate content** and select the content types most likely to engage and convert, based on the data-driven insights it gathers.

XPON's award-winning partnership model helps business unlock value quickly from the right AI Marketing tools



AI marketing adoption is accelerating

AI spend in marketing¹



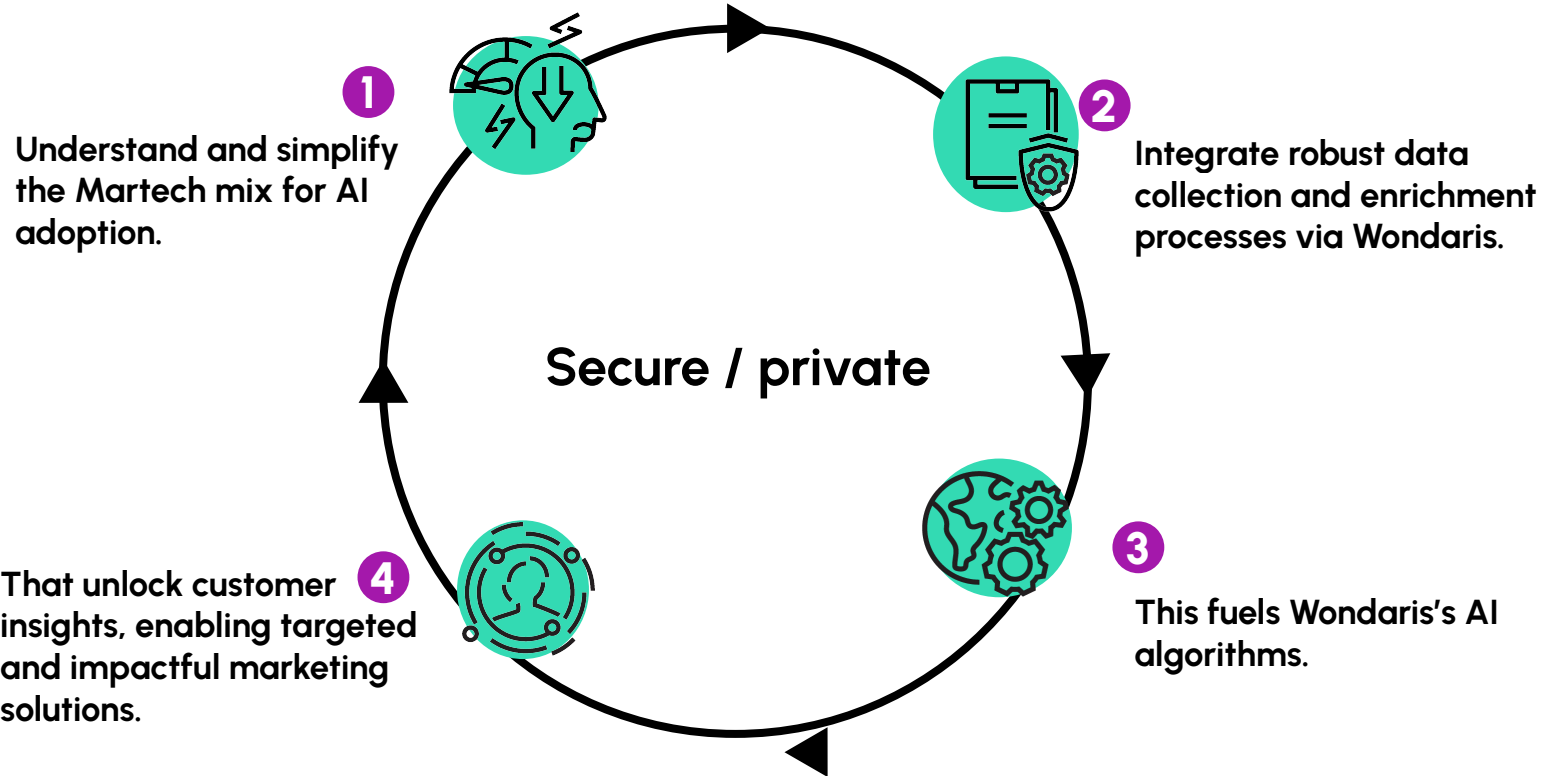
- Marketing predicted to be leading adopter of AI
- Forecast 31% CAGR to \$107B in AI marketing spend from 2022 - 2028
- Companies that implement AI technologies see a 451% increase in qualified leads²

Note:

1 and 2. Source: <https://t.ly/frPyW>



Our proven methods to accelerate AI adoption



Internal use only

AI embedded within Wondaris

The continuous improvement of Wondaris into modular, pre-built AI use cases enables customers and marketing agencies to quickly deploy our tools.

This allows customers to automate tasks and predict insights for deploying hyper-targeted advertising in digital channels.



Wondaris Case Study:

Challenge: UP Education sought to address rising customer acquisition costs by improving the effectiveness of their use of data and AI for marketing.

Solution: Partnered with agency partner D3 to:

- implement XPON's Wondaris platform to unify, segment and activate their customer data for advertising.
- created dynamic course feeds for Google Search Ads 360
- created advanced analytics dashboards.

Outcomes:

Built AI-ready first-party data foundations while realising the following immediate advertising efficiencies:

56%

Increase in
clicks

64%

Increase in
online leads

28%

Decrease in Cost
Per Lead (CPL)



Wondaris has been a game-changer for our marketing team. We've been able to create highly targeted audiences and personalised messaging to deliver more effective and impactful marketing campaigns.

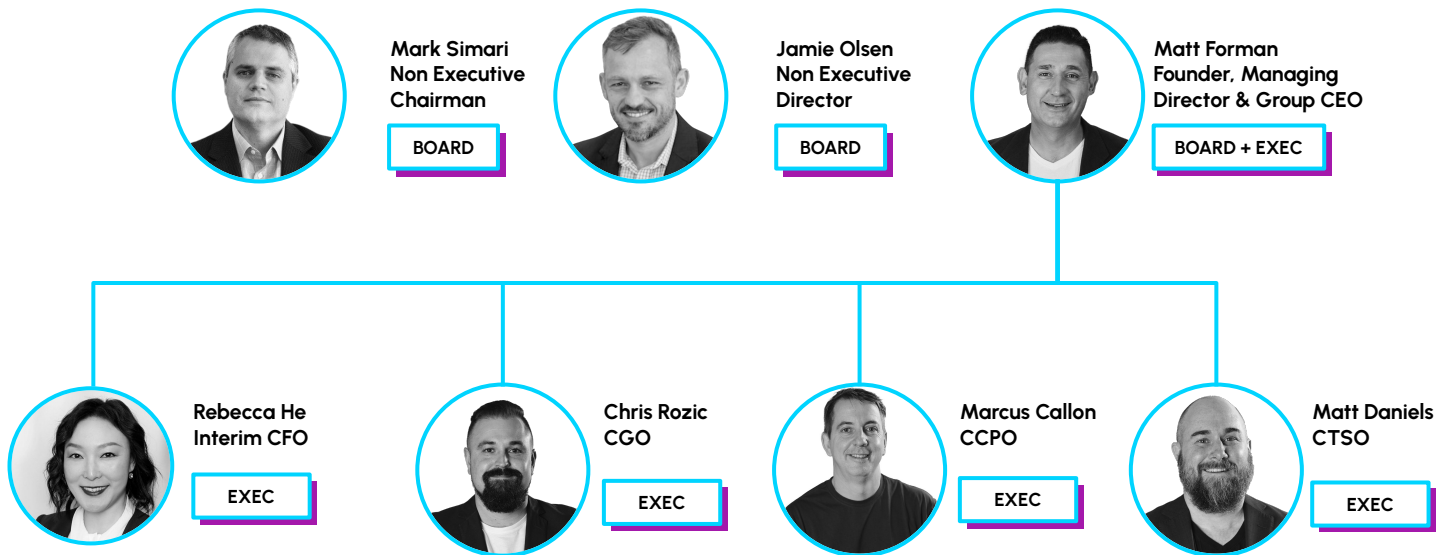


Phil McCracken,
Head of Marketing & Communications NZ

Leadership Team



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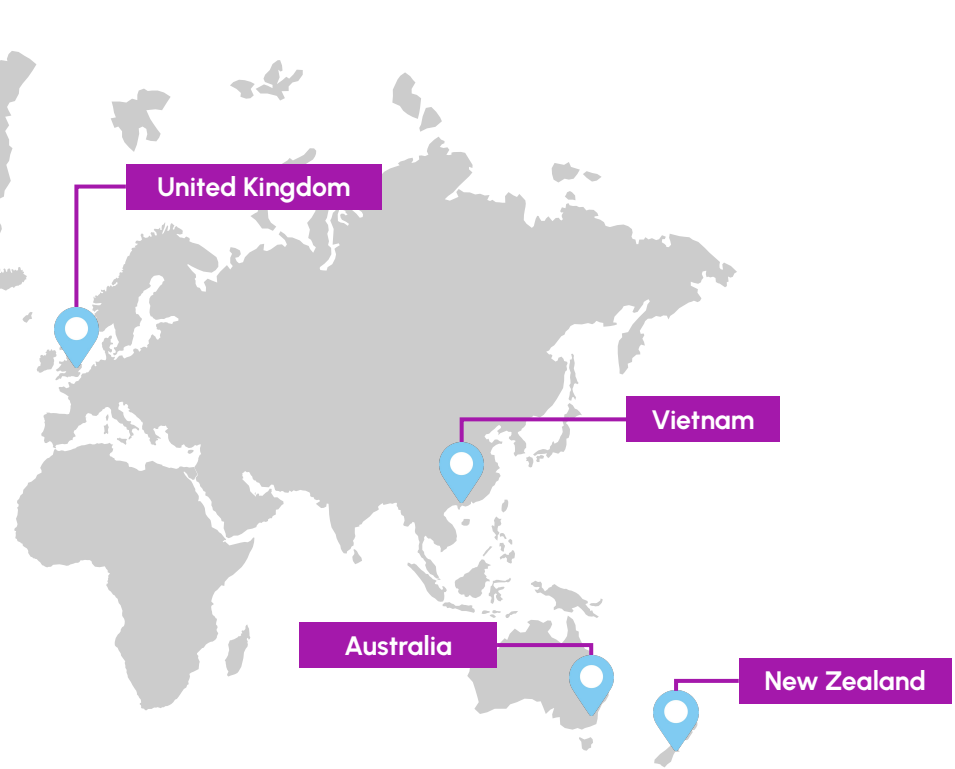
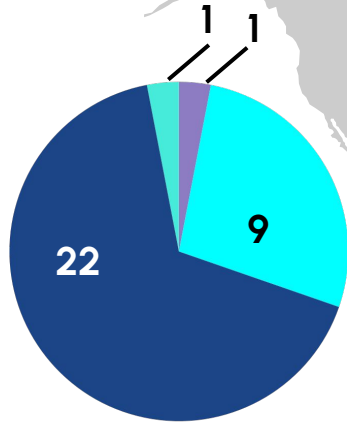




Team footprint

Team breakdown

- UK
- Vietnam
- Australia
- New Zealand



Note:
As at 1 February 2025, excludes on-demand contractors.



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