



XPON Technologies Group Limited (ASX:XPON)

# XPON Acquires Alpha Digital to Accelerate AI-Powered Growth

Immediately adding \$4m recurring revenue and fast tracking profitability

5th May 2025

A recording of this presentation is available to view here:

<https://investorhub.xpon.ai/link/weYR9r>



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**XPON is a leading AI marketing technology company.**

**We help businesses simplify complex marketing challenges and achieve superior ROI from their customers.**



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# Acquisition Highlights

- **Strategic Acquisition:** XPON acquires Alpha Digital, a leading Australian digital marketing business and long term channel partner of XPON. Completion in May 2025 (subject to standard settlement conditions).
- **Immediate Value Accretion:** Alpha Digital generated \$4.6M revenue and \$0.7M EBITDA (unaudited) in the last financial year and brings approximately \$1m cash at bank, enabling XPON to fast-track its path to positive cash flow and EBITDA profitability.
- **Value-aligned Deal Structure:** \$1.72m at completion comprising \$180,000 XPON shares on closing (12 months voluntary escrow) and \$1.54m vendor loan at 8% p.a. over 3 years (subject to standard settlement adjustments). An additional \$891,000 in performance based 2 year earn-in linked to EBITDA growth targets in FY26 (\$0.8m EBITDA target) and FY27 (\$1.1m EBITDA target).
- **Accelerating AI transformation:** Deploy our leading AI capabilities to accelerate the AI transformation of Alpha Digital to immediately offer a wider range of competitive AI solutions and help it become more profitable.
- **Smart acquisition of customers in key verticals:** Alpha Digital provides a strong foothold with strategic blue-chip customers in key vertical industries, servicing clients such as Target, KMart, QUT, and Stone & Wood. 87% of revenue from recurring contracts.
- **Revenue synergies maximise customer value & growth:** Combining Alpha Digital's offerings with XPON's existing solutions provides customers with a comprehensive range of integrated solutions under a single roof - simplifying procurement and accelerating ARPU growth through cross sell opportunities for both XPON and Alpha Digital.



# Strategic Rationale

## A smart acquisition accelerating growth and profitability

+4M contracted recurring revenue | 87% recurring revenue

### Strategic Alignment

- AI-first cultures already embedded in both businesses → seamless integration
- Repeatable "acquire → AI-enable → cross-sell" M&A playbook
- Adds scale without heavy capex

### Customer Benefits

- Immediate access to blue-chip client roster
- Cross-sell XPON customer data platform (Wondaris®) & AI media tools into new accounts
- Upsell Alpha Digital's organic & paid media to XPON base

### Financial Impact

- Adds \$4 m recurring revenue from day 1
- c\$1m cash at bank injection
- FY26 EBITDA Earn In target of \$0.8m and \$1.1m EBITDA in FY27



# Alpha Digital. - at a glance

*Founded 2011 · Independent, data-driven growth partner*

## Snapshot

25 specialists across Brisbane & Melbourne

40+ enterprise & mid-market clients

Top-tier partner badges

## Alpha's blue chip clients (selection)



General Pants Co.



## Certifications and partnerships



## Solutions

- Performance media & paid social
- Programmatic & video advertising
- SEO & content marketing
- CRO & lifecycle marketing
- Analytics



# Proforma Financial Impact

Combined businesses deliver substantial revenue growth and EBITDA improvement

	XPON FY25 HI P&L	XPON + Alpha Combined FY25 HI proforma P&L
AUD \$'000	Continuing Business (CB) (Non-IFRS measure)	Continuing Business (CB) (Non-IFRS measure)
<b>Total Revenue</b>	<b>4,161</b>	<b>6,594</b>
COS	1,128	2,405
GP	3,033	4,190
GP %	73%	64%
Other income	7	6
Total Operating Expenses	2,110	2,910
<b>Operating EBITDA \$</b>	<b>930</b>	<b>1,285</b>
Corporate Expenses & other non operating costs	1,305	1,305
<b>Statutory EBITDA \$</b>	<b>-375</b>	<b>-20</b>

- ↑ 58% increase in revenue
- ↑ 38% increase in gross profit.
- ↑ 38% increase in operating EBITDA - clear path to ongoing profitability.

**Note:**

XPON's financials are based on HI FY25 published financial statements. Alpha accounts are not audited in the same period.



# Deal Consideration Overview

## Value-aligned structure, paid over time

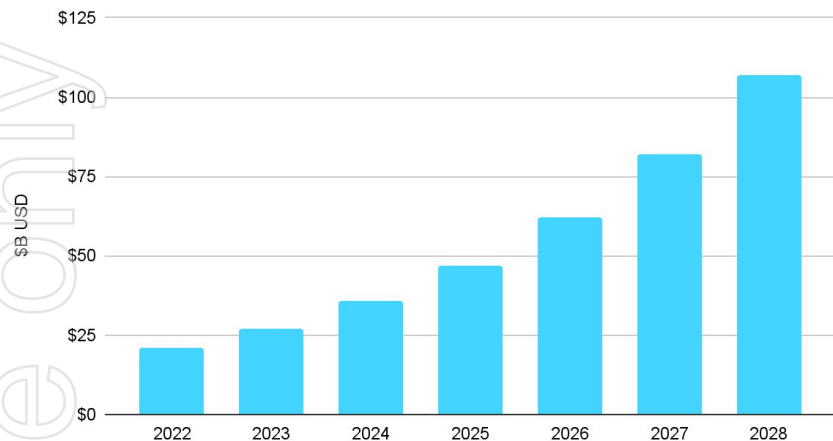
Component	Amount	% of total	Timing	Details
Completion Shares	\$0.18M	7 %	Day 1	Issued at 15-day VWAP (9th Apr - 2nd May) <sup>1</sup> .
Vendor Loan	\$1.54M	59 %	Years 1-3 (8 % p.a.)	Principal \$1.54 m, 8 % interest p.a over 3 yrs. Standard settlement adjustments apply.
Performance Earn In	Up to \$0.89M	34 %	FY26 & FY27	Up to \$445.5k FY26 + \$445.5k FY27 for achieving EBITDA targets. Cash or XPON shares at 15 % discount to 15 day VWAP, floor \$0.015 per share <sup>2</sup> .
<b>Upfront Consideration</b>	<b>\$1.72M</b>	<b>66%</b>		
<b>Total Consideration</b>	<b>Up to \$2.61M</b>	<b>100%</b>		

1. Completion shares will be issued using existing capacity under ASX Listing Rule 7.1 : 2.. Shareholder approval will be sought at 2025 AGM. If shareholder approval not obtained, defaults to cash.

# The AI Marketing opportunity is large and growing rapidly

Marketing is a leading adopter of AI with 31% forecast CAGR in spend from 2022 - 2028<sup>1</sup>

## AI spend in marketing<sup>1</sup>



The combined XPON and Alpha Digital offering allows us to offer a more comprehensive suite of AI marketing solutions, maximising value and growth from existing customers, helping to attract new customers and increasing our share of this rapidly growing market.

**Note:**

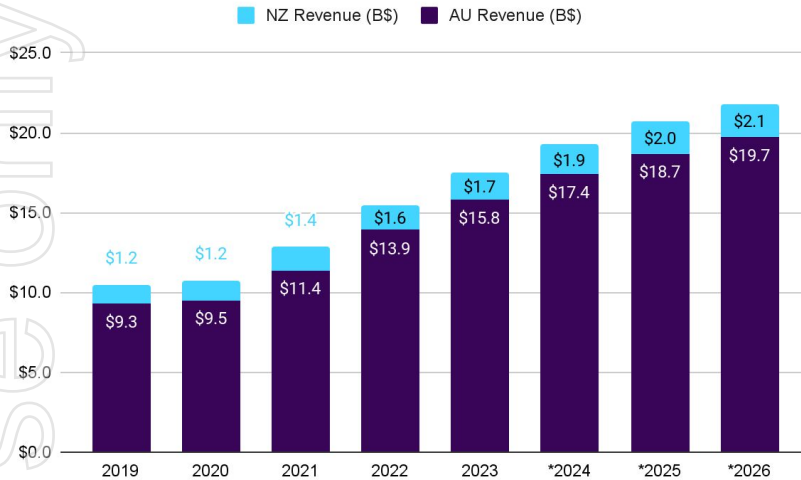
1. Source: <https://t.ly/frPyW>



# Why Acquire Digital Marketing Businesses?

Industry revenue forecast to be \$21.8B in AU/NZ by 2027 with a CAGR of 7.2%<sup>2</sup>

## Australia & New Zealand Digital Marketing Revenue<sup>1</sup>



- **Strong industry growth:** industry is growing rapidly and is expected to be worth almost \$22 billion by 2027 with a CAGR of 7.2%<sup>2</sup>
- **Market fragmentation:** there are thousands of digital marketing agencies and technologies in Australia & New Zealand, many small-to-medium sized companies. This fragmentation presents an opportunity for XPON to consolidate the market and become a leading player.
- **High technology disruption:** data, cloud and AI are driving high level of disruption, creating strong customer demand for innovative solutions and the evolution of business models.
- **XPON's existing strengths:** XPON already has a strong foundation in AI, data, and technology-enabled marketing. This foundation will enable XPON to integrate the acquired businesses and create a leading integrated AI marketing company.

\* Forecast

1 & 2 <https://bit.ly/4qxcObJ> and <https://bit.ly/3ZCDhOr>

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# Stronger together

Our combined offering provides an integrated suite of advanced AI marketing solutions across 4 core areas that help businesses acquire, retain and monetise customers

## 1. Data

**From Raw Data to Real Results  
AI-Powered Insights Made Easy**

Empowering you to understand your customers like never before. We simplify the journey from raw data to real results using cutting edge AI. Gain clear insights and predictive intelligence, the foundation for our advanced solutions, making data-driven marketing accessible and effective for everyone.

## 2. Technology

**Growth Without Complexity  
Powerful Platforms Made  
Accessible**

Combining our award winning AI with robust platforms like GMP and GCP to deliver a full stack marketer friendly solution that powers intelligent automation across your data, media, and content. We've integrated the flexibility of Wondaris®, our composable data platform (CDP), with advanced AdTech and Cloud capabilities to drive your growth, all while ensuring the highest levels of security and accessibility.

## 3. Media

**Smarter Media Buying  
Data-driven and AI Optimised to  
Deliver Results**

Unlock exceptional media performance with our AI-powered approach. From paid search and social advertising to programmatic and video, we use AI predictions from Wondaris® for precision targeting and data driven insights to continuously optimise your campaigns. Drive real results across all your channels.

## 4. Content

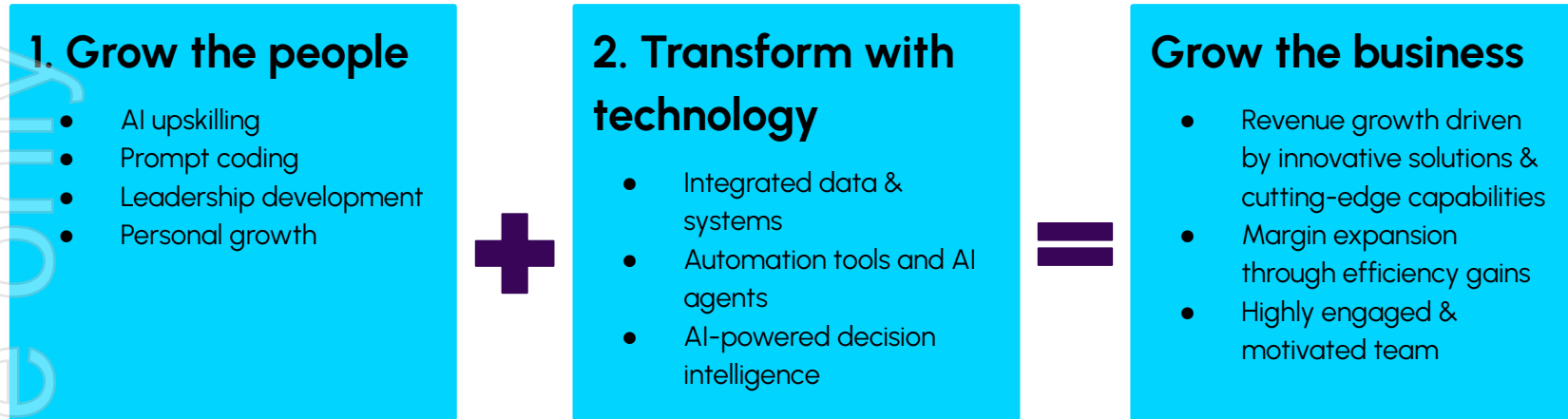
**Fuel Organic Growth  
Intelligent Content Across All  
Channels**

Drive measurable organic growth with smarter content. By understanding audience behavior through our Data capabilities, we discover winning content and use large language models to create impactful content for SEO, social, and email. This ensures your message resonates with target audiences and fuels sustainable growth across all channels.



# Accelerating Value Creation

XPON has a 2 pronged approach to maximising Alpha Digital's value post acquisition:



Alpha Digital *powered by XPON* will retain its brand and will continue to operate independently with specialised expertise and focus. Back office and corporate functions will be centralised with XPON, unlocking scale efficiencies from our existing corporate infrastructure.



# Positioned for future strategic growth

Our business strategy is focussed on 2 core pillars to drive strategic growth utilising a combination of organic and M&A led strategies:

## AI Leadership

- Be an accelerant for industry and customer AI adoption
- Broaden and deepen our AI offerings
- Catalyse internal AI transformation
- AI automation to drive margin expansion and productivity
- Build AI-powered differentiation into our customer experience

## Industry Specialisation

- Specialised offerings across strategic verticals
- Deeper industry specific expertise and IP
- Stronger customer value proposition
- Enhanced competitive advantage
- Increased loyalty and retention
- Resilience through diversification of key strategic verticals

← Underpinned by world class talent and capabilities →



# Building for the AI Future

Our future M&A approach targets the tech-enabled digital marketing sector and is built on 3 pillars:

## Accelerating AI transformation

Deploy our leading AI capabilities to accelerate the AI transformation of acquired businesses making them significantly more profitable, valuable and competitive.

## Smart acquisition of customers in key verticals

Target businesses with a strong foothold of strategic customers in the key vertical industries that XPON targets.

## Maximise customer value & growth

Combining XPON's existing solutions with new products and offerings of acquired businesses provides customers a wider range of integrated solutions under a single roof. Simplifying procurement for the customer and accelerating ARPU growth through cross sell opportunities for XPON.



mal use only  
Q&A

**Matt Cooper**

Founder & CEO, Alpha Digital



**.Alpha Digital.**

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# Appendix



# Transaction Summary



<b>Transaction Details</b>	<ul style="list-style-type: none"><li>• XPON has entered into binding agreement to acquire 100% of the shares in Alpha Digital Design Consultants (Aust) Pty Ltd ABN 20 150 718 175 on a debt-free basis for a upfront consideration of \$1,720,000 (subject to any completion settlement adjustments) and includes c\$1m cash at bank.</li><li>• Up to \$891,000 in consideration linked to 2 year EBITDA growth targets in FY26 (\$0.8m EBITDA target) and FY27 (\$1.1m EBITDA target).</li><li>• The transaction is expected to be completed in May 2025 subject to standard settlement conditions.</li></ul>
<b>Strategic Rationale</b>	<ul style="list-style-type: none"><li>• Strong alignment with XPON's growth strategy, enhancing our position in the high-growth AI marketing sector.</li><li>• Focused on our M&amp;A pillars: acquiring customers in key verticals, accelerating AI transformation and maximizing customer value.</li><li>• Adds strategic blue-chip clients with 87% recurring revenue, providing a stable foundation for growth.</li><li>• Offers expanded solutions and cross-selling opportunities, increasing customer value and ARPU.</li><li>• Leverages XPON's AI capabilities to transform Alpha Digital, driving efficiency and competitive advantage.</li><li>• Creates new AI-first product opportunities across the combined customer base.</li><li>• Immediately accretive, adding \$4 million in recurring revenue and fast-tracking XPON's profitability</li><li>• Expected to deliver over \$0.8m EBITDA in FY26.</li><li>• Establishes a repeatable model for future value-accretive acquisitions.</li></ul>
<b>Funding &amp; Terms</b>	<ul style="list-style-type: none"><li>• The Alpha acquisition will be funded by a combination of the issue of new equity, earn in and vendor loan agreement:<ul style="list-style-type: none"><li>◦ \$180,000 worth of XPON scrip issued at completion at the VWAP for the 15 days prior to settlement</li><li>◦ 2 year performance based Earn In<ul style="list-style-type: none"><li>■ \$540,000 base earn in with potential for an additional \$351,000 accelerator based on overachievement of FY26 and FY27 operating EBITDA targets:<ul style="list-style-type: none"><li>• FY26 - base EBITDA target of \$800,000 with \$270,000 available for achievement of 100% of target. Additional \$175,500 available as accelerators for overachievement capped at 150% of \$800,000 target (\$1.2m)</li><li>• FY27 - base EBITDA target of \$1.1m with \$270,000 available for achievement of 100% of target. Additional \$175,500 available as accelerators for overachievement capped at 150% of \$1.1m target (\$1.65m)</li><li>• Payable as cash or shares by mutual agreement. If can't agree defaults to cash.</li><li>• If paid as shares, issued at 15% discount to 15 day VWAP from the day the company releases its annual audited accounts with a share price floor of \$0.015. Shareholder approval required for earn in shares which will be sort at 2025 AGM. If shareholder approval is not received, defaults to cash payment.</li></ul></li></ul></li><li>◦ Vendor loan of \$1,540,000 at 8% interest p.a over 3 years. Total loan amount subject to standard settlement adjustments.</li></ul></li></ul>
<b>Financial Impact</b>	<ul style="list-style-type: none"><li>• Immediately adds \$4m in recurring revenue, fast tracking cash flow break even and EBITDA profitability</li><li>• c\$1m cash at bank injection</li><li>• Expected to add at least \$0.8m EBITDA in FY26</li></ul>



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