ASX Announcement

21 July 2026

XPON Q4 FY26 activity report and Appendix 4C

XPON Technologies Group Ltd (ASX:**XPN**) (**XPON** or the **Company**), an AI marketing technology company, releases its quarterly activity report / Appendix 4C quarterly cash flow statement for the three-month period ended 30 June 2026.

Key Highlights

- XPON delivered a positive (unaudited) Group EBITDA of $1.1 million for FY26. Reflecting the Group's continued financial discipline, the business generated positive net operating cash flow of $1.2 million and achieved a year-on-year improvement in its closing cash balance as of 30 June 2026.
- As announced on ASX on 3 June 2026, XPON entered a binding agreement to divest 100% of Alpha Digital Design Consultants (Aust) Pty Ltd to Coopers Shield Pty Ltd. Following a strategic review, XPON's Board has determined that Alpha Digital no longer aligns with the Company's strategic direction. The divestment allows XPON to concentrate resources on its core businesses and further focus on its growth strategy in the AI sector. The transaction consideration is structured via a nominal cash payment and the forgiveness of approximately $2.4 million in combined vendor and intercompany debt obligations.
- As announced on ASX on 15 June 2026, XPON executed a binding Share Sale Deed to divest its Google Marketing Platform (GMP) and Google Cloud Platform (GCP) business (via Datisan Pty Ltd) to Incubeta. The transaction is structured for a completion payment of $5.5 million in cash plus or minus working capital adjustments, alongside a contingent earn-out of up to $2 million, for a maximum total consideration of $7.5 million. This strategic divestment allows the Company to substantially recalibrate its balance sheet, pursue targeted M&A objectives, and concentrate its investment capital into the growth of its proprietary Wondaris AI Marketing Platform.
- During the quarter, XPON secured an $800K loan facility to support working capital and ongoing business development initiatives. The facility has a 14% p.a. interest rate and is repayable by 29 November 2026 or when XPON receives any of the proceeds of sale from the Datisan transaction.
- The Group Revenue for Q4 FY26 was $2.68 million, representing a 1% increase on the prior corresponding period, despite the Alpha Digital divestment on 31 May 2025.
- Gross Profit remained resilient at $1.82 million, with Gross Margins expanding by 2 ppts to 68%. This margin expansion reflects the Group's ongoing strategic focus on scaling high-margin revenue streams. Recurring revenue accounted for $2.55 million (96%) of the quarter's total, annualising to $10.2 million.
- Successfully landed 5 new customers during the quarter and expanded relationships with 5 existing customers while maintaining a robust monthly customer retention rate of 99.2%.

- Wondaris product development being further optimised with key vertical offerings focusing on targeted industry segments including banking & financial services, retail, education and media publishing.

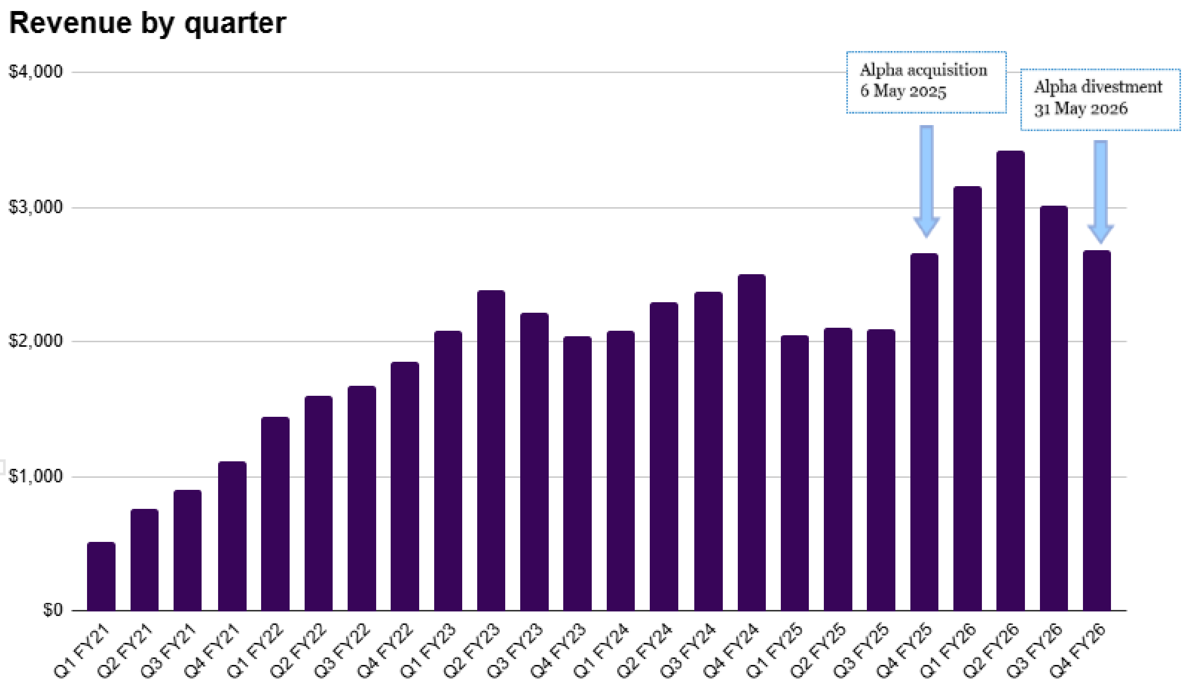
Key Financial Metrics – Q4 FY26 vs Q4 FY25 and Q3 FY26

	Q4 FY26	Q3 FY26	+/-	Q4 FY25	+/-
Sales Revenue	$2.68m	$3.01m	-11.0%	$2.66m	1%
Gross profit	$1.82m	$1.99m	-8.6%	$1.81m	1%
Gross margins	68%	66%	+2 ppts	68%	0 ppts

Financial Performance

Quarterly performance reflected anticipated trends, with Revenue of $2.68 million. While down 11% from Q3 FY26 due to Alpha Digital's divestment, the Company successfully optimized its product mix to deliver an improved Gross Margin of 68% (+2 ppts vs Q3 FY26), This reflects steady structural profitability and margin resilience.

With the proposed Datisan transaction, a continued operations comparison of the quarterly performance is proposed to be provided in the September 2026 4C statement.



Capital Management and Cash Flow

The Group ended Q4 FY26 with $2.78 million in cash, reflecting a net increase of $0.17 million from the previous quarter ($2.61 million). Net cash used in operating activities was $0.27 million, driven primarily by staff costs ($1.342 million) and product manufacturing and operating costs ($0.9 million).

- Net customer receipts for Q4 FY26 were $2.56 million, up from $1.6 million in Q3 FY26, primarily reflecting the increase in customer media spend.
- Payments to suppliers, employees and others decreased to $2.8 million for Q4 FY26 (down from $3.1 million in Q3 FY26). This cost reduction was primarily driven by the successful divestment of Alpha Digital on 31 May 2026.
- Net financing inflows reached $0.69 million, heavily supported by the drawdown of a new $0.8 million loan facility, offset slightly by $106k in borrowing repayments.
- The Group continues to actively review working capital and funding options to strengthen balance sheet flexibility and support future growth.

As detailed in item 6.1 of the Appendix 4C, payments to related parties and their associates during the quarter totalled $193k comprising directors' costs and an employee associate of a director.

Progress to-date

Strategic priorities	Status	Progress
Realign for sustainable growth		
Reset the sales motion to grow a sustainable recurring revenue base with primary focus on AUNZ.		Recurring revenue mix of FY26 YTD is 96%, which is 4% higher than FY25.. Continuing to land new enterprise customers that are expected to expand into recurring customers in future periods
Develop people & capacity to build on our culture, simplify workflows and alignment of rewards to business profitability		On track with team culture being aligned with business objectives and ongoing optimisation of people and workflows.
Optimise balance sheet and establish capital profile to support future organic & inorganic growth opportunities		The divestment of Alpha Digital and the Google GMP and GCP businesses position the Group with a robust cash balance to pursue future opportunities. Ongoing discussions with various financiers to strengthen group cash flow and working capital.
Cash flow breakeven in FY26		XPON delivered a positive, unaudited Group EBITDA of $1.1 million for FY26. Reflecting the Group's continued financial discipline, the business generated positive net operating cash flow of $1.2 million and achieved a year-on-year improvement in its closing cash balance as of 30 June 2026.

Outlook and Priorities

The Company has clear priorities for FY27:

- Successful completion of Datisan sale
- Identifying acquisition opportunities synergistic with the Wondaris business
- Simplified product led sales motion with key vertical industry offerings underpinned by Wondaris;
- Capitalise on our leading market position by accelerating AI innovation with Wondaris to speed up sales cycles and enhance value realisation for customers;
- Continuing operating cash flow and EBITDA (unaudited) positive on an underlying basis in FY27.
- Continue to strengthen balance sheet and financial stability;
- Ensure XPON sustains a strong corporate culture and maintains high employee engagement and motivation;

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

-ENDS-

For further information, please contact:

Rebecca He

1300 400 371

investors@xpon.ai

For media inquiries, please contact:

marketing@xpon.ai

About XPON Technologies Group Limited (ASX: XPN)

XPON Technologies Group Limited is a leading AI marketing technology business with operations in Australia, New Zealand and the United Kingdom. We help businesses simplify complex marketing challenges and achieve superior ROI from their customers.

At the heart of our approach is the integration of data and AI, which powers our tools to predict consumer behaviour, automate marketing processes, and drive effective, data-driven decisions.

Glossary

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).

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

XPON TECHNOLOGIES GROUP LIMITED

ABN	**Quarter ended ("current quarter")**
37635810258	30/06/2026

	Consolidated statement of cash flows	**Current Quarter** **$A'000**	**Year to date (12 months)** **$A'000**
1.0	**Cash flows from operating activities**		
1.1	Receipts from customers	2,562	13,482
1.2	Payments for		
	(a) research and development	(72)	(262)
	(b) product manufacturing and operating costs	(904)	(4,095)
	(c) advertising and marketing	(24)	(179)
	(d) leased assets	(35)	(203)
	(e) staff costs	(1,342)	(5,128)
	(f) administration and corporate costs	(410)	(2,153)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	8	30
1.5	Interest and other costs of finance paid	(48)	(315)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	0	61
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(266)**	**1,236**

2.0	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	(21)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	1	1
	(c) property, plant and equipment		
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material) – Cash balance disposed of in disposal of business	(252)	(252)
2.6	**Net cash from / (used in) investing activities**	**(251)**	**(272)**

3.0	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	425
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	800	800
3.6	Repayment of borrowings	(106)	(2,155)

3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.1	**Net cash from / (used in) financing activities**	**694**	**(930)**

4.0	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	2,610	2,733
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(266)	1,236
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(251)	(272)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	694	(930)
4.5	Effect of movement in exchange rates on cash held	2	21
4.6	**Cash and cash equivalents at end of period**	**2,788**	**2,788**

5.0	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current Quarter** **$A'000**	**Previous quarter** **$A'000**
5.1	Bank balances	2,788	2,610
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**2,788**	**2,610**

6.0	**Payments to related parties of the entity and their associates**	**Current Quarter** **$A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	193
6.2	Aggregate amount of payments to related parties and their associates included in item 2	NA

Note: Payments in 6.1 relates to directors' costs and an employee associate of a director.

7.0	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end** **$A'000**	**Amount drawn at quarter end** **$A'000**
7.1	Loan facilities	800	800
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	800	800

7.5	**Unused financing facilities available at quarter end**	-

Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

7.6 During the quarter, XPON secured a new $800K loan facility to support working capital and ongoing business development initiatives. The facility has a 14% p.a. interest rate and is repayable by 29 November 2026 or when XPON receives any of the proceeds of sale from the Datisan transaction. It comprises a $500K secured tranche provided by Gem Syndication Pty Ltd and Dunbarrim Pty Ltd, and a remaining $300K unsecured tranche accessed via Konda Corp Pty Ltd - a related party lender controlled by Non-Executive Director Mr. Matt Forman.

8.0	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(266)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,788
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	2,788
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	10.5

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
Answer: N/A
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
Answer: N/A
Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 21 July 2026

Authorised by: The Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.