ASX Announcement

25 August 2026

XPON FY26 Annual Report and Appendix 4E

XPON Technologies Group Ltd (ASX:**XPN**) (**XPON** or the **Company**), an AI marketing technology company, releases its Appendix 4E and full year Annual Report (audited) for the year ended 30 June 2026.

Key Highlights

- XPON delivered a positive Group EBITDA of $1.1 million for FY26. Reflecting the Group's continued financial discipline, full year revenue increased by 38% YoY to $12.3 million (FY25: $8.9 million) while total operating expenses increased by only 4% YoY ($7.3 million vs. FY25 $7.0 million), and achieved a year-on-year improvement in its closing cash balance by 2% ($2.79 million vs. FY25 $2.73 million) as of 30 June 2026.
- 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.
- 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.
- Fully redeemed outstanding Convertible Notes in August 2025 and reduced net finance expenses by 41% YoY.
- Gross margin of 68%, down 4ppts from FY25, reflecting changes in product delivery mix following the acquisition of Alpha Digital.
- Successfully landed 28 new customers and expanded relationships with 25 existing customers.
- In August 2025, the Group Successfully raised $0.45 million in capital through a new share placement

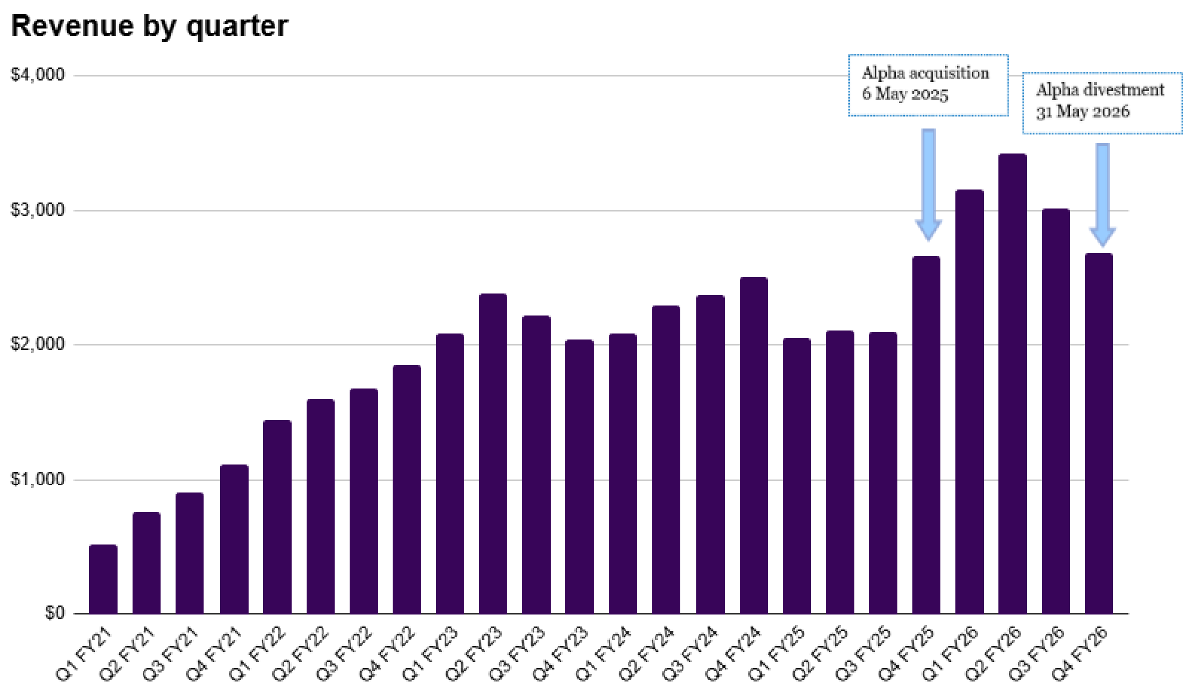
- During May 26, XPON secured an $800K loan facility to support working capital and ongoing business development initiatives. The facility has a 14% p.a. interest rate and is repayable by 29 November 2026 or when XPON receives any of the proceeds of sale from the Datisan transaction.
- Wondaris product led sales motion being further optimised with key vertical offerings developed that are focused on banking & financial services, retail, education and publishing industries.

Key Annual Financial Metrics - FY26 vs FY25

	FY26	FY25	+/-
Revenue	$12.3m	$8.9m	38%
Gross profit	$8.3m	$6.4m	30%
Gross margin	68%	72%	(4%)
Statutory EBITDA [1]	1.1m	($0.1m)	1225%
Net profit/(loss) after tax - Statutory	0.2m	($1.4m)	117%
Cash at bank	$2.79m	$2.73m	2%

- A key achievement during FY2026 was the Group's ability to deliver significant revenue growth while maintaining disciplined cost control. Total operating expenses increased by only 4%, even after absorbing the almost full-year impact of Alpha Digital (acquired on 6 May 2025), demonstrating improved operating leverage. Statutory EBITDA improved significantly to a profit of $1.1 million compared with a loss of $0.1 million in FY2025. The improvement reflects the benefits of revenue growth, improved operating leverage and continued cost discipline.

[1] Statutory EBITDA is an unaudited metric. Refer to the table on page 17 of the FY26 Annual Report for a full reconciliation.



Commenting on the Group's performance, the Executive Chair, Mark Simari said:

"Financial year 2026 has been defined by strategic focus, operational discipline, and a clear transition toward becoming an innovative-play AI marketing technology company. We are pleased to share the key achievements that have strengthened XPON's financial position, sharpened our product strategy, and positioned the Group for sustainable, scalable growth.

Macroeconomic tailwinds continued to accelerate the adoption of AI-enabled technology, transforming marketing and advertising from cost centres into strategic growth drivers. As organisations increasingly prioritise first-party data and responsible AI deployment, XPON's capabilities and leadership in AI-powered marketing have become even more relevant.

During FY26, we made great progress in modularising and enhancing Wondaris to support faster deployment, more flexible integration, and industry-specific AI solutions. These improvements are enabling customers to activate predictive models more quickly, shorten time-to-value, and realise measurable performance gains across acquisition, engagement, and retention.

Our customer relationships remain a core strength. XPON's partnership model continues to deliver strong retention and expansion outcomes. Customers value our ability to meet them where they are on their AI transformation journey, providing both flexibility and strategic guidance.

FY26 also marked a pivotal year in XPON's strategic evolution. Following a comprehensive review of our portfolio, we completed the divestment of Alpha Digital and are currently progressing the sale of the Google Marketing Platform and Google Cloud Platform business. These transactions strengthened our balance sheet, and allowed us to concentrate resources on high-margin, scalable AI solutions. The Group delivered materially improved financial results, including positive EBITDA and positive operating cash flow, reflecting disciplined cost management and a more predictable recurring revenue base.

Our go-to-market strategy has been refined to focus on long-term, high-margin recurring revenue supported by simplified, verticalised solutions underpinned by Wondaris. This industry-specific approach is resonating strongly with customers, enabling clearer value propositions and accelerating sales cycles.

None of this progress would have been possible without the dedication, resilience, and innovation of our team. XPON's culture remains one of our greatest assets, and we are proud of the collaboration and commitment demonstrated across the business throughout the year."

Outlook and Priorities

The Company has clear priorities for FY27:

- Successful completion of Datisan sale;
- 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;
- Identifying complementary merger and acquisition opportunities
- Ensure XPON sustains a strong corporate culture and maintains high employee engagement and motivation;
- Continuing operating cash flow and EBITDA positive on an underlying basis in FY27;
- Continue to maintain strong financial discipline to optimise the financial performance and stability of the Group;

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

-ENDS-

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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

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).
EBITDA	EBITDA (Earnings before interest tax depreciation and amortisation) which is an unaudited metric.

Appendix 4E

Preliminary Final Report

Item 1 Company details

Name of entity : XPON Technologies Group Limited and Controlled Entities

ABN : 37 635 810 258

Reporting period : For the year ended 30 June 2026

Previous period : For the year ended 30 June 2025

Item 2 Results for announcement to the market

Reported	30 June 2026 ($)	30 June 2025 ($)		Change ($)	Change (%)
Revenue from ordinary activities	12,274,515	8,917,368	Up	3,357,147	38%
Net profit/(loss) from ordinary activities after tax attributable to the owners of XPON Technologies Group Limited	224,782	(1,356,955)	Up	1,581,737	117%
Net profit/(loss) for the year attributable to the owners of XPON Technologies Group Limited	224,782	(1,356,955)	Up	1,581,737	117%

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

Commentary on revenue from ordinary activities and net losses is provided in the 2026 annual report.

Item 3 A statement of comprehensive income together with notes to the statement.

A statement of comprehensive income together with notes to the statement, is provided in the attached 2026 Annual Report.

Item 4. A statement of financial position together with notes to the statement.

A statement of financial position together with notes to the statement, is provided in the attached 2026 Annual Report.

Item 5. A statement of cash flows together with notes to the statement.

A statement of cash flow together with notes to the statement, is provided in the attached 2026 Annual Report.

Item 6 A statement of retained earnings,

A statement of retained earnings is provided in the attached 2026 Annual Report.

Item 7 Details of individual and total dividends

No dividends were paid in FY2026 or FY2025

Item 8 Details of dividend reinvestment plans

XPON has no dividends reinvestment plan.

Item 9 Net tangible Assets

	30 June 2026 ($)	30 June 2025 ($)
Net tangible assets per ordinary security	(0.71)	(1.59)

Net tangible assets do not include intangible assets, deferred tax assets and deferred tax liabilities in the measurement.

Net tangible assets per ordinary security is calculated as net tangible assets divided by the total Ordinary Shares as at 30 June 2026 (492,856,353) and 30 June 2025 (414,253,220) respectively.

Item 10 Control gained or lost over entities

Alpha Digital Design Consultants (Aust) Pty Ltd were sold on 31 May 2026 following a strategic review. Accordingly:

- The (loss)/profit of these divested entities is included in the consolidated statement of profit or loss and other comprehensive income for both 30 June 2026 and 30 June 2025. Further details on the financial performance of the divested entity is provided in note 6 of the following financial statements;
- The consolidated statement of financial position at 30 June 2025 includes the results of the divested entity. The consolidated statement of financial position at 30 June 2026 does not include the divested entity as it had been sold by that time.

Item 11 Details of associates and joint venture entities

XPON has no associations and joint ventures entities.

Item 12 Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position.

Commentary on the results for the year ended 30 June 2026 is provided in the 2026 Annual Report, which includes the Directors report and the Financial Statements of XPON Technologies Group Limited and Controlled Entities for the year ended 30 June 2026.

Item 13 For foreign entities, which set of accounting standards is used in compiling the report.

XPON is not a foreign entity.

Item 14 A commentary on the results for the year ended 30 June 2026

Commentary on the results for the year ended 30 June 2026 is provided in the 2026 Annual Report, which includes the Directors report and the Financial Statements of XPON Technologies Group Limited and Controlled Entities for the year ended 30 June 2026.

2026 Annual General Meeting

The Company advises that the 2026 Annual General Meeting is expected to be held on Monday, 23 November 2026. Further details relating to the meeting and how shareholders may participate will be advised in the Notice of Meeting, which will be made available to all shareholders and lodged with the ASX.

In accordance with the Company's constitution and ASX Listing Rule 3.13.1, the closing date for receipt of nominations of persons to be considered for election as a director at the AGM is 5.00pm (Brisbane Time) on Tuesday, 6 October 2026.

2026

Growth through AI Marketing

Annual Report 2026

XPON®

POWERED EXPONENTIALLY

Contents

Who we are

XPON is a leading AI marketing technology company.

Growth Through AI Marketing

XPON's FY26 performance demonstrates how AI-enabled marketing continues to reshape the way businesses activate their data, optimise spend, and accelerate growth.

As businesses accelerate their adoption of AI-powered marketing solutions, XPON's capabilities, platforms, and strategic direction have positioned the Group to meet rising demand for intelligent, data-driven customer engagement.

Global platforms such as Google and Meta have broadened market awareness of generative and predictive AI, yet many organisations continue to face challenges in preparing their first-party data, modernising legacy processes, and deploying AI responsibly within increasingly complex privacy and regulatory environments. XPON's strategy directly addresses these barriers, enabling customers to adopt AI incrementally while maximising the value of their technology investments.

AI-Embedded Marketing Processes Driving Customer Value

XPON's Wondaris platform remains central to helping businesses unlock the full potential of their first-party data.

Through structured guidance on tool selection, data readiness, and predictive model deployment, Wondaris enables customers to activate intelligent insights and deliver personalised experiences at scale.

During FY26, product development continued to advance Wondaris' verticalised offerings across banking and financial services, retail, education, and media publishing. These enhancements ensure customers benefit from AI models tailored to the specific behaviours, regulatory requirements, and commercial dynamics of their industries.

XPON's AI models deliver precisely targeted, personalised campaigns that respond to individual consumer needs. This capability is transforming how brands acquire, engage, and retain customers—lifting conversion rates, improving marketing ROI, and accelerating revenue performance across sectors.

Operational Transformation Through AI

Beyond performance gains, AI is reshaping how marketing teams operate.

Automating repetitive processes such as data analysis, segmentation, and campaign optimisation allows marketers to redirect their time toward strategic initiatives that drive long-term value. XPON's implementation approach ensures AI is deployed responsibly and progressively, helping businesses allocate spend more effectively, reduce media waste, and respond in real time to changing customer behaviours.

XPON's solutions also surface meaningful upsell and cross-sell opportunities, enabling businesses to diversify revenue streams and strengthen customer retention.

Responsible and Compliant AI

XPON's tools and implementations prioritise responsible AI use.

Our models and processes are built with transparency, governance, and compliance at their core, ensuring personalisation efforts align with evolving data privacy regulations.

This commitment gives customers confidence to scale AI safely while maintaining trust with consumers.

Positioned for Sustainable Growth

FY26 marked a significant step forward in XPON's evolution.

The Group sharpened its focus on high-margin, scalable AI solutions, supported by strategic portfolio changes that strengthened the balance sheet, improved profitability, and enabled more focus in the Wondaris platform.

With improved financial performance, disciplined cost management, and a refined strategic focus, XPON's mission remains clear: to help businesses grow through AI-powered marketing. By enabling customers to activate their data, enhance productivity, and deliver personalised customer experiences, XPON is well positioned to support sustainable growth in an increasingly complex regulatory and technology landscape.

Snapshot: Blue chip brands deploying XPON's solutions

Financial services

Australian Retirement Trust | OFX | firstmac | pay.com.au

Retail & travel

Super Retail Group | FLIGHT CENTRE TRAVEL GROUP | webjet.com.au | LORNA JANE ACTIVE LIVING

Pillow Talk | Harvey Norman | BLACKMORES | cash converters

CHEMIST WAREHOUSE | thewarehouse | CITY BEACH AUSTRALIA | bw

Media & entertainment

carsales | 9 | thebmj | ACM

CANSTAR | IN FORM | Stuff

Education

UP EDUCATION | DEAKIN UNIVERSITY | UniSC

Other

Domain | yourtown | tennis | JUMBO

ORICA | eagers automotive | HERRON TODD WHITE | alintaenergy

What we do

XPON's award-winning partnership model

XPON enables businesses to adopt AI-powered marketing technology with clarity, confidence, and measurable impact.

Our award-winning partnership model focuses on simplifying the Martech environment, strengthening first-party data foundations, and deploying AI responsibly to drive sustained commercial performance.

AI-Ready Products and Services

XPON's methodology begins with helping organisations streamline and modernise their marketing technology mix.

We integrate robust data collection and enrichment processes through Wondaris®, our composable data platform built for marketers. Wondaris centralises customer data quickly and securely, providing enriched insights that power predictive AI models.

Actionable Insights Through AI

Wondaris' algorithms identify high-value audiences and key customer segments—such as profitable customers, those at risk of churn, and frequent purchasers.

These insights enable rapid activation of precisely targeted campaigns, improving conversion rates and reducing media waste.

Responsible and Compliant AI

XPON's tools are built with governance, transparency, and compliance at their core.

Our approach ensures AI adoption aligns with evolving privacy regulations, allowing businesses to scale personalisation safely while maintaining consumer trust.

Diversity statement

XPON adopted and published its Diversity Policy as part of its governance activities, as well as to demonstrate its continued commitment to cultivating an environment that promotes inclusiveness and collaborative work practices in line with its core values such as 'Grow Together'.

XPON recognises and values diversity and inclusiveness as a key factor in unlocking the potential, and supporting the exponential growth, of its people. It embraces the diverse experience, ideas, skills and perspectives of its people and recognises that diversity encompasses gender, ethnicity, race, age, disability, religious beliefs, sexual orientation, gender identity, culture, socio-economic background, tenure and education. XPON's commitment to its diversity and inclusiveness principles ultimately is conjoined with a work environment conducive to the merit-based appointment of qualified employees, senior management and Directors.

XPON has a number of principles and initiatives to ensure diversity is in line with the Company's core values and the Diversity Policy:

- Board has set gender diversity target of 30% women on the Board as Non-Executive Directors, senior management and in key operational positions.
- Management work to ensure:
  - A diverse team of participants are involved in the selection process when appointing new employees and Board members.
  - Diversity is considered in XPON's succession planning and in terms of promotions and exits within the organisation.
  - Diversity is represented across departments, roles and functions within the organisation to encourage thought leadership.
  - Training is undertaken across the organisation on diversity in the workforce.
  - Recruitment comes from a diverse pool of qualified candidates, making efforts to identify prospective employees who have diverse attributes and industry experience.
  - A gender pay equity audit is undertaken periodically to ensure pay parity.

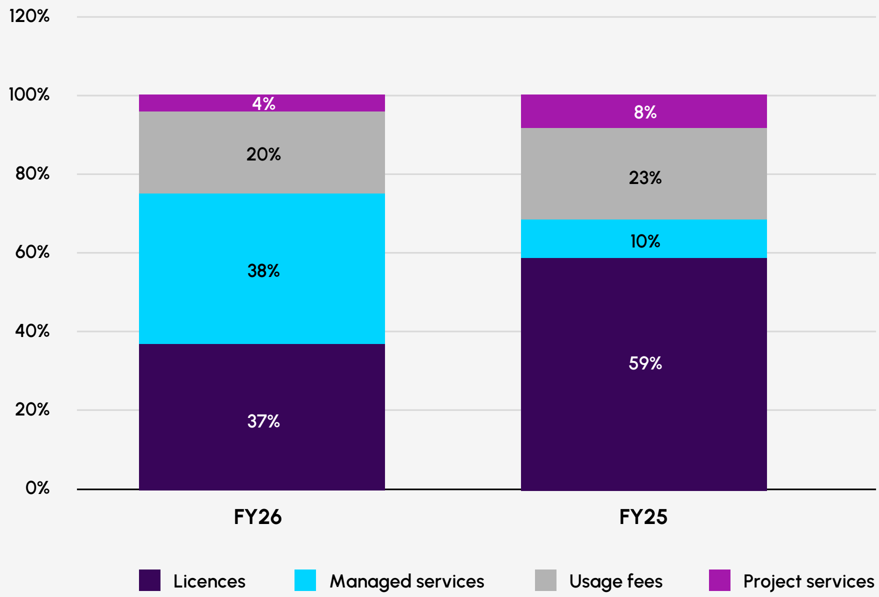
The proportion of women employed by XPON as at 30 June 2026 is shown below:

		Female		**Male**		**TOTAL**
	Target	Number	%	Number	%	
Company	>30%	10	31%	22	69%	**32**
SLT	>30%	1	25	3	75%	**4**
Board	>30%	0	0%	3	100%	**3**

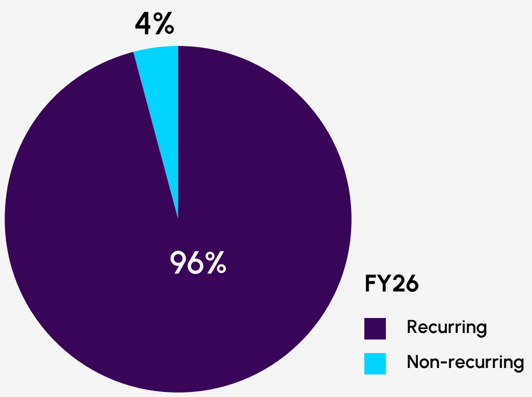
Snapshot: Financial Highlights

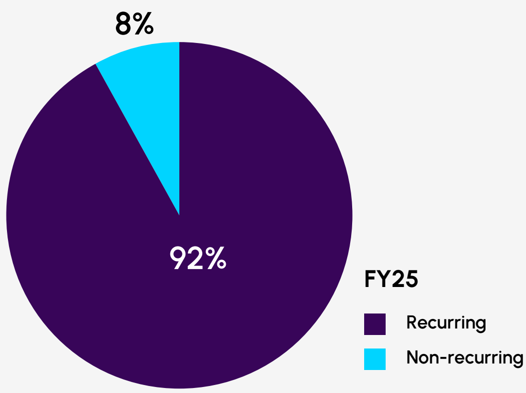
Revenue by type

The sales recalibration strategy resulted in a more sustainable revenue mix during FY26. This was driven by an 4% increase in recurring revenue, which was primarily fueled by a 28% rise in managed services.

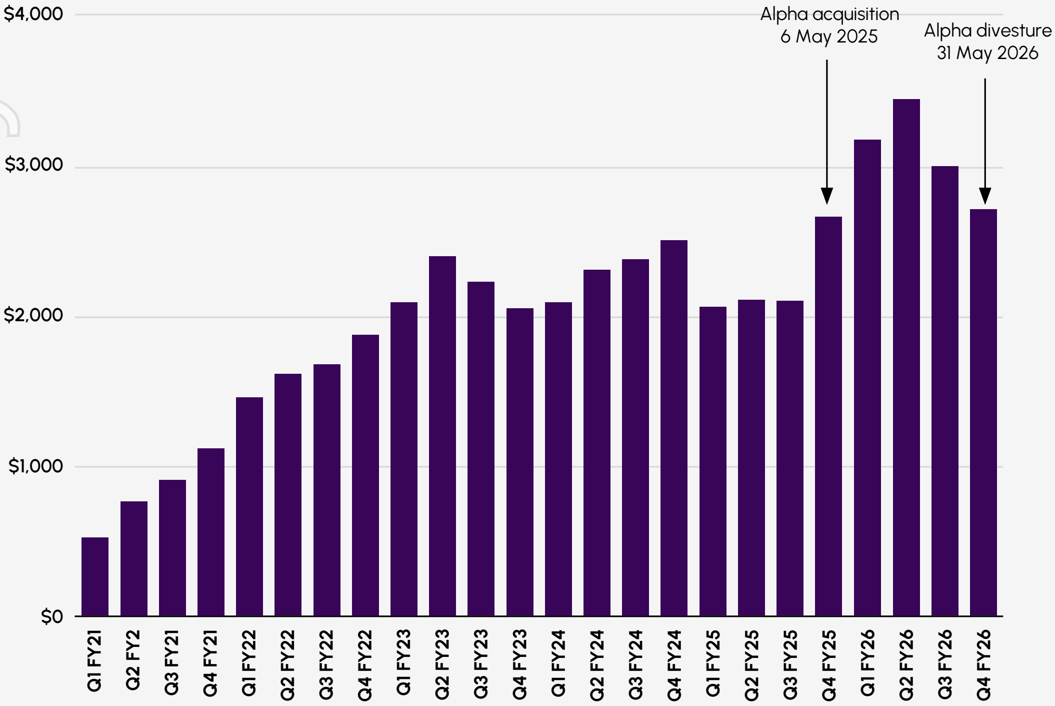


Recurring vs. non-recurring revenue



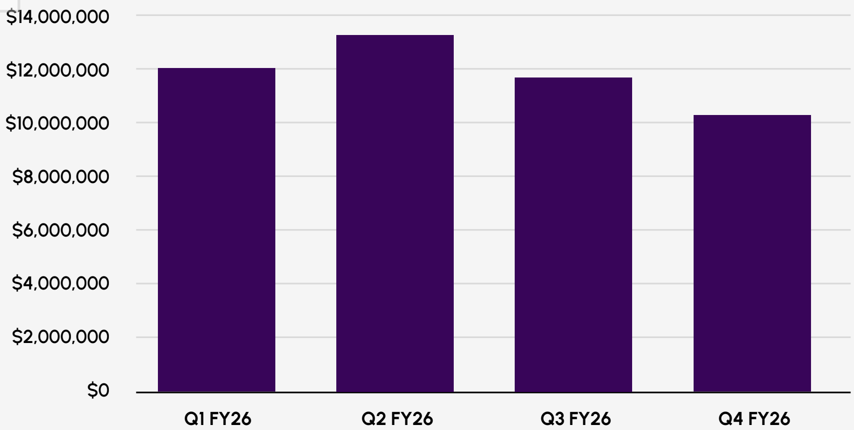


Revenue by quarter



- While revenue decreased due to Alpha Digital's divestment, the Group successfully optimized its product mix to deliver an improved Gross Margin of 68%, this reflects steady structural profitability and margin resilience.
- Continued resilient monthly customer retention rate of 99.2% (as of 30 June 2026)
- 28 new customers landed and 25 existing customers expanded during the year.

Recurring revenue



- Despite a decrease in recurring revenue following Alpha Digital's divestment, recurring revenue comprised 96% of total revenue in FY26, up from 92% in FY25.

Letter from Executive Chair

Dear Shareholders,

Financial year 2026 has been defined by strategic focus, operational discipline, and a clear transition toward becoming an innovative-play AI marketing technology company. We are pleased to share the key achievements that have strengthened XPON's financial position, sharpened our product strategy, and positioned the Group for sustainable, scalable growth.

Macroeconomic tailwinds continued to accelerate the adoption of AI-enabled technology, transforming marketing and advertising from cost centres into strategic growth drivers. As organisations increasingly prioritise first-party data and responsible AI deployment, XPON's capabilities and leadership in AI-powered marketing have become even more relevant.

During FY26, we made great progress in modularising and enhancing Wondaris to support faster deployment, more flexible integration, and industry-specific AI solutions. These improvements are enabling customers to activate predictive models more quickly, shorten time-to-value, and realise measurable performance gains across acquisition, engagement, and retention.

Our customer relationships remain a core strength. XPON's partnership model continues to deliver strong retention and expansion outcomes. Customers value our ability to meet them where they are on their AI transformation journey, providing both flexibility and strategic guidance.

We made great progress in modularising and enhancing Wondaris to support faster deployment, more flexible integration

FY26 also marked a pivotal year in XPON's strategic evolution. Following a comprehensive review of our portfolio, we completed the divestment of Alpha Digital and are currently progressing the sale of the Google Marketing Platform and Google Cloud Platform business. These transactions strengthened our balance sheet, and allowed us to concentrate resources on high-margin, scalable AI solutions. The Group delivered materially improved financial results, including positive EBITDA and positive operating cash flow, reflecting disciplined cost management and a more predictable recurring revenue base.

Our go-to-market strategy has been refined to focus on long-term, high-margin recurring revenue supported by simplified, verticalised solutions underpinned by Wondaris. This industry-specific approach is resonating strongly with customers, enabling clearer value propositions and accelerating sales cycles.

None of this progress would have been possible without the dedication, resilience, and innovation of our team. XPON's culture remains one of our greatest assets, and we are proud of the collaboration and commitment demonstrated across the business throughout the year.

Thank you for your continued support of XPON. We look forward to building on this momentum as we enter FY27 with a strengthened foundation, a refined strategic focus, and a clear mission: to help businesses grow through AI-powered marketing.

Yours sincerely,

Mark Simari

Financial statements

Directors' Report

The Directors present their report, together with the financial statements of the Group, being XPON Technologies Group Limited (the "Company") and its controlled entities (the "Group" or "XPON"), for the financial year ended 30 June 2026.

Governance

To the extent the Directors regard as appropriate to the size and stage of development of the Company, the Group has adopted the recommendations of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition) throughout the reporting period. Details are provided in the Corporate Governance Statement lodged annually with the ASX.

Directors

The following persons were Directors of XPON during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mark Simari - Executive Chair;
Matt Forman – Non-Executive Director; and
James Olsen - Non-Executive Director

Company Secretary

Hasaka Martin

Principal activities

The principal activities of the Company for the year ended 30 June 2026 was the provision of:

- software enabled managed services to help companies manage business-critical marketing platforms, Adtech, ML / AI and cloud technologies; and
- a next-generation data platform for marketers that centralizes customer & marketing data, supercharging it with AI for automated activation.

Key verticals served include retail & travel, financial services, media & entertainment, non-profit and education.

Dividends

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

Review and Results of operations

Operating results

During the financial year, XPON delivered a strong financial performance, highlighted by robust top-line revenue growth, disciplined cost management, and a return to profit on a statutory basis. Following the divestment of the Alpha Digital Design Consultants (Aust) Pty Ltd (Alpha Digital) business in May 2026, the Group continued to invest in its proprietary Wondaris platform and AI-enabled marketing solutions, supporting customers through data-driven marketing automation and customer engagement technologies, maintaining strong customer relationships and improving operational efficiency.

Revenue increased by 38% to $12.3 million (FY2025: $8.9 million), reflecting stronger activity across the Group's core businesses and continued demand for technology-enabled marketing services. Gross profit increased by 30% to $8.3 million (FY2025: $6.4 million). Gross margin decreased from 72% to 68%, primarily reflecting changes in revenue mix due to the Alpha acquisition.

A key achievement during FY2026 was the Group's ability to deliver significant revenue growth while maintaining disciplined cost control. Total operating expenses increased by only 4%, even after absorbing the almost full-year impact of Alpha (acquired on 6 May 2025), demonstrating improved operating leverage.

Statutory EBITDA improved significantly to a profit of $1.1 million compared with a loss of $0.1 million in FY2025. The improvement reflects the benefits of revenue growth, improved operating leverage and continued cost discipline.

The Group continued to improve its financial position through stronger operating cash generation, disciplined working capital management and reduced financing costs, achieving a year-on-year improvement in its closing cash balance to $2,787,896 as of 30 June 2026 (2025: $2,732,604) . Net finance expenses decreased by 41% compared with the previous financial year following the redemption of convertible notes and continued management of the Group's capital structure.

On 15 June 2026, the Company announced the proposed divestment of its Google Marketing Platform (GMP) and Google Cloud Platform (GCP) business through the sale of Datisan Pty Ltd to Incubeta Australia Pty Ltd. The proposed transaction represents a significant strategic milestone and is expected to further simplify the Group's operations, strengthen the balance sheet and enable increased investment in the Group's proprietary Wondaris AI platform and future growth opportunities. The proposed divestment aligns with the Board's strategy of increasing the proportion of higher-margin, scalable software and AI-enabled technology revenues.

AUD $	30/06/2026	30/06/2025	Movement %
Revenue	**12,274,515**	**8,917,368**	**38%**
Cost of sales	(3,930,067)	(2,497,590)	57%
Gross Profit	**8,344,448**	**6,419,778**	**30%**
Gross Margin %	**68%**	**72%**	**(4%)**
Other income + Changes in fair value of financial liabilities	82,997	499,570	(83%)
Employee expenses	(5,443,266)	(5,118,281)	6%
Sales & Marketing expenses	(101,076)	(293,044)	(66%)
IT & facilities expenses	(501,129)	(412,936)	21%
General & Admin expenses	(1,258,263)	(1,194,976)	5%
Total Operating Expenses	**(7,303,734)**	**(7,019,237)**	4%
Statutory EBITDA* $	**1,123,711**	**(99,889)**	**(1,225%)**

*Statutory EBITDA is an unaudited metric.

Revenue
For the year ended 30 June 2026, the Group's total revenue was $12,274,515, representing a 38% increase compared to the previous year (2025: $8,917,368), driven by the acquisition of Alpha Digital, expanded operational scale and stronger market adoption across core product lines.

Gross margin
The Group's annual gross margin adjusted by 4 percentage points to 68%, down from 72% in 2025, attributed to shifts in product delivery mix and cost of sales growth ($3,930,067 vs. $2,497,590).

Total operating expenses
Total operating expenses were $7,303,734, representing a modest increase of 4% compared to the previous year (2025: $7,019,237).

The disciplined expense management allowed top-line growth (+38%) to significantly outpace operational spend, driving statutory EBITDA into a positive position of $1,123,711 (2025: loss of $99,889).

The Group recorded a net profit after tax of $224,782 for the year ended 30 June 2026 (2025: net loss after tax of $1,356,955).

Financial position

On 30 June 2026, the Group had net liabilities of $1,909,652 (2025: net liabilities $2,648,129), representing an improvement of $738,477 driven by the improvement in profitability and cashflow and business restructuring. The Group held cash and cash equivalents of $2,787,896 as at 30 June 2026 (2025: $2,732,604), of which $2,676,274 is held by Datisan Pty Ltd and is presented within assets of the disposal group held for sale on the statement of financial position. Cash held outside the disposal group was $111,623. Total borrowings decreased significantly to $800,000 (2025: $3,415,574), primarily driven by convertible note redemptions, debt forgiveness associated with the Alpha divestment, and capital restructuring.

Significant changes in the state of affairs

The following significant changes in the state of affairs of the parent entity occurred during the financial year:

- In August 2025, the Group completed the redemption of its outstanding Convertible Notes. The redemption simplified the Group's capital structure, reduced future financing obligations and eliminated potential shareholder dilution associated with the convertible securities;
- In August 2025, the Group successfully raised $0.425 million via issuing 53,125,000 shares. The funds were used to accelerate growth initiatives, invest in our core technology, and provide general working capital;
- In September 2025, Matt Forman resigned as CEO due to personal health reasons and Mark Simari was appointed as Executive Chair. Matt Forman still remains on the Board as a non-executive director;
- In May 2026, the Company entered into an $0.8 million loan facility comprising a combination of secured third-party funding and an unsecured related-party facility. The facility provided additional working capital and financial flexibility while the Group continued executing its strategic growth initiatives and improving operating cash generation;
- On 31 May 2026, XPON successfully divested 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; and
- 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 Australia Pty Ltd. 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 strengthen its balance sheet, pursue targeted M&A objectives, and concentrate its investment capital into the growth of its proprietary Wondaris AI Marketing Platform.

Material business risks

XPON is well positioned and continues to operate in a large and growing market that is supported by macro trends of businesses needing to:

- accelerate their adoption of disruptive technologies like cloud, Artificial Intelligence and Machine Learning;
- respond to increased privacy regulations globally and the increasing prominence of first-party-data; and
- scale personalised and secure consumer experiences.

Despite this, the following is a summary of material business risks that could adversely affect the Group's financial performance and growth potential in future years.

Failure to retain existing customers and attract new customers

The Group's financial performance is dependent on its ability to retain customers and attract new customers to its products and services in a competitive market. Retention of customers is dependent on a number of factors including the customer business success and the market conditions in which they operate. It Is also dependent upon XPON's capability, pricing, customer support and value compared to competing offerings. In addition, following initial commitment periods under customer contracts there is no guarantee that customers will continue their engagement with XPON. If the Group is unable to execute successfully on its land and expand strategy and/or attract new customers this may have an adverse impact on the Group's operations, financial performance and growth targets.

Customer concentration

XPON is in its early stages of growth and accordingly may be impacted by the concentration of customers. The loss of, or significant adverse change in, the relationship between the Company and significant customers could have an adverse effect on the Company's business and financial results. The loss of or reduction in contracts from any significant customer, losses arising from customer disputes or the Company's inability to collect accounts receivable from any major customer could also have an adverse impact on the Company's business and financial results.

Relationship with key partners

The Group's business model relies on continuing strong relationships with key partners. Continuing strong relationships with key partners will be dependent on XPON ensuring its offering meets the needs of these partners and their customers. XPON's relationship with Google Cloud and Google Marketing Platform may be affected if Google decides to diversify and offer partnerships to XPON's competitors, to terminate the agreement, or for other reasons. Further, there is a degree of complexity in the partner agreements with Google and other partners and there is a risk that XPON may not have met all requirements in the agreements. A proportion of XPON's revenue is dependent on these partnerships and the loss of partnerships could cause the Company to lose growth momentum and may adversely impacts its financial and market performance.

Cyber security and potential breaches

The Group and its customers are dependent on the effective confidentiality, integrity and availability of its systems, information and operations in which it provides its marketing and customer experience solutions. There is a risk that the Group's systems, information or operations may be adversely affected or be subject to disruption as a result of internal or external threats, cyber attacks or system and user errors. There is a risk that the information security measures taken by the Group and its third-party operators will not be sufficient to prevent unauthorised access to this infrastructure.

Inability to Secure Future Funding

The Company may require further funding to meet its future obligations, if the Datisan sale does not proceed, and there is a risk that the Company may be unable to secure funding. This could result in a significant strain on the Company's liquidity and financial position.

Reduction of Scale

Post the sale of Datisan, the group will comprise the Wondaris business which is small but emerging and although profitable on a standalone basis, as part of a listed company the group may not be profitable or cashflow positive.

Reliance on key personnel

There are a number of key personnel who are strategically important to the group. They include the Executive team as well as key operational roles within the broader business. The loss of one or more of these key personnel could have a negative impact on the business. The Group seeks to mitigate this risk through maintaining its strong corporate culture, high employee satisfaction, succession planning and providing incentives linked to performance and tenure.

Regulatory risk and privacy

Information collected by customers as the primary controller and processed by XPON's offerings may include personal information of individuals some of which may be sensitive. Further, XPON may collect personal information related to its business (e.g. employees, investors, customers). Privacy, data protection and direct marketing regulation varies in the jurisdictions in which XPON operates. Claims relating to a breach of privacy regulation may adversely affect the Company's market and financial performance, particularly if the reputation of XPON's offerings is affected or compromised or if a large-scale privacy or confidentiality breach occurs. A breach may also result in additional regulatory scrutiny, damages, fines and other costs.

Jurisdictional risk
XPON operates in multiple jurisdictions. This increases the regulatory compliance burden and requires XPON to comply with multiple regulatory regimes with respect to its offerings. Different jurisdictions may adopt stricter or different approaches to regulation which may affect financial performance in those jurisdictions. Further, the Company has operations in markets where there is a potential risk of exposure to modern slavery and similar legislation, or social, political or economic instability. There is no guarantee that such instabilities will not occur, and should they occur, they may adversely impact XPON's market and financial performance.

Intellectual Property
The Company's ability to leverage its innovation and expertise depends upon its ability to protect its intellectual property and any improvements to it. The intellectual property may not be capable of being adequately legally protected, it may be the subject of unauthorised disclosure or be unlawfully infringed, the Company may not adequately identify breaches, or the Company may incur substantial costs in asserting or defending its intellectual property rights. Issues regarding the company's intellectual property rights may cause a material risk to XPON's business, market growth and financial performance. Further, the Company has developed its own intellectual property using tools and technology owned by third parties, including open-source technology. The Company may be subject to claims that its products, or its use of third-party products, breaches another party's intellectual property or other rights. This could result in significant costs and delays and may adversely impact the Company's market and financial performance.

Insurance
XPON offers a broad scope of information technology products and services and has obtained business insurances to cover these services and offerings. XPON consults periodically with its professional insurance advisors regarding its business insurances; however, there is a risk that XPON's existing policies may not cover all potential claims that XPON may sustain in the course of undertaking its business.

Currency exchange risk
XPON reports its financial performance in Australian dollars. However, XPON has customers in multiple jurisdictions. Fluctuations in the exchange rate between the AUD and currency in those jurisdictions may affect XPON's financial performance.

Macro Economic Factors
The Group's ability to retain and renew existing contracts and win new contracts may also be impacted by broader external factors including a slowdown in economic activity, changes to law or changes to the regulation of the internet and digital landscape generally. If the Group fails to adapt to these changes and retain existing customers, attract further business from existing customers and attract new customers, the Company's future financial performance and position may be adversely affected.

Matters subsequent to the end of the financial year
Subsequent to 30 June 2026, the Company has continued to progress the proposed sale of Datisan Pty Ltd to Incubeta Australia Pty Ltd in accordance with the Share Sale Deed announced on 15 June 2026. Completion of the transaction remains subject to the satisfaction of customary conditions precedent, including shareholder and regulatory approvals where required.

No other matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations
XPON is focused on the following priorities in FY27:

- Successful completion of Datisan sale;
- Identifying acquisition opportunities synergistic with the Wondaris business;

Directors' Report (continued)

- 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 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.

Environmental regulation

The Group is not subject to any significant environmental regulation on the jurisdiction where it has operations.

Information on Directors

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

Mark Simari Executive Chair	**Qualifications** Bachelor of Business (Accounting) **Experience** Mark Simari has over 15 years of Board experience across a diverse range of ASX-listed organisations, as well as a demonstrable track record of driving growth and profitability as an ASX executive. Mark was the former Co-founder and Managing Director of Paragon Care (ASX: PGC) and was instrumental in Paragon Care becoming one of the largest independent healthcare suppliers in Australia and New Zealand, and during his leadership grew its market capitalisation from \$2m to over \$200m. He has been involved with numerous sell-side and buy side M&A transactions in his capacity as a director or corporate advisor. **Interest in Shares** 516,666 Fully Paid Ordinary Shares In the name of Charkaroo Pty Ltd as The Trustee for the Charmabelle Discretionary Trust 1,000,000 Fully Paid Ordinary Shares In the name of Jodmar Pty Ltd as The Trustee for MJ Bridge Superfund **Interest in Options** None **Interest In Performance Rights** 6,333,333 performance rights **Special responsibilities** Chair of XPON's Nomination & Remuneration Committee and a member of the Audit & Risk Management Committee **Other current directorships in listed entities** IDT Limited (ASX:IDT) and Careteq Limited (ASX: CTQ) **Other directorships in listed entities held in the previous three years** Paragon Care (ASX: PGC), TALi Digital Limited (ASX: TD1) and Opyl Ltd (ASX: OPL)
James Olsen Independent Non-Executive Director	**Qualifications** Bachelor of Commerce (Finance) **Experience** Jamie Olsen brings over 29 years of experience in corporate finance, specialising in mergers and acquisitions within the technology, media, and entertainment sectors. His background features a blend of corporate advisory services and hands-on investment in technology-driven sectors, fostering growth from early-stage ventures to industry leaders. Jamie's recent experience includes Director of Investments for Catcha Group, one of the most established internet investment firms in Southeast Asia. Prior to that, he led his own corporate advisory firm, CMB Capital, where he advised a range of ASX

listed and private companies on M&A transactions and capital raisings for technology companies. His earlier career included investment banking roles at Macquarie Capital and Citigroup.

Interest in Shares

5,000,000 Fully Paid Ordinary Shares held by CMB Capital Pty Ltd, in the name of Finclear Services Pty Ltd <Superhero Securities A/C>.

10,000,000 Fully Paid Ordinary Shares held by JAOBQ Pty Ltd as Trustee for JAOBQ Family Trust, in the name of Finclear Services Pty Ltd <Superhero Securities A/C>.

Interest in Options

None

Interest In Performance Rights

4,000,000 performance rights in the name of CMB Capital Pty Ltd

Special responsibilities

Member of XPON's Nomination & Remuneration Committee and Chair of the Audit & Risk Management Committee

Other current directorships in listed entities

None

Other directorships in listed entities held in the previous three years

None

Matt Forman
Non-Executive Director

Qualifications

Advanced Diploma in Business Management

Experience

Matt Forman is a seasoned entrepreneur with over 25 years of experience working with Internet businesses and technologies. He has senior experience in strategy, commercialisation, business development, marketing, and technology across a range of industries including retail, media, telecommunications, agriculture, advertising and technology.

Matt is the Founder and Group CEO of XPON with prior experience including Founder and CEO of Maverick Data Group, Founder & CEO of leading digital marketing agency Traffika, Co- Founder & CEO of 3Style Media and National Manager of FuelWatch.

Interest in Shares

104,954,986 Fully Paid Ordinary Shares in the name of Black Oak Ventures Pty Ltd as the Trustee for the MABL Family Trust

8,766,666 Fully Paid Ordinary Shares In the name of Black Oak Super Pty Ltd as the Trustee for the Black Oak Super Fund

Interest in Options

3,472,220 ordinary Options; 500,000 performance incentive Options

Share Appreciation Rights

Nil

Special responsibilities

Member of XPON's Nomination & Remuneration Committee and Audit & Risk Management Committee

Other current directorships in listed entities

Nil

Other directorships in listed entities held in the previous three years

Nil

Joint Company Secretary - Hasaka Martin

Mr. Martin has over 20 years of experience working with listed companies both internally and through corporate service providers and has worked across several industries. Hasaka is an appointed Company Secretary for several listed and unlisted companies. He is a Chartered Secretary and a Fellow of the

Governance Institute of Australia. Mr. Martin holds a Graduate Diploma in Applied Corporate Governance and postgraduate qualifications in corporate and securities law.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2026, and the number of meetings attended by each Director were:

	Board		Nomination and Remuneration Committee (NRC)		Audit and Risk Management Committee (ARMC)	
	A	B	A	B	A	B
Mark Simari	13	13	-	-	2	2
James Olsen	13	13	-	-	2	2
Matt Forman	13	13	-	-	2	2

A – Number of meetings eligible to attend
B – Numbers of meetings attended

Indemnity and insurance of officers

During or since the end of the financial year, the Company has paid or agreed to pay a premium in respect of a contract of insurance insuring Directors, officers and employees of the Company and its subsidiaries against certain liabilities incurred in that capacity. Disclosure of the total amount of the premiums and the nature of the liabilities in respect of such insurance is prohibited by the contract of insurance.

Under the terms of the Executive service agreement with Mr Forman, the Company has agreed to indemnify and keep indemnified Mr Forman in respect of loss suffered by him under certain personal guarantees Mr Forman has provided to third parties for the obligations of the Company's subsidiary, Datisan Pty Ltd. The personal guarantees relate to Datisan Pty Ltd's obligations under its credit card facilities.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Non-audit services

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, RSM Australia Pty Ltd, and its related practices:

	2026 $	2025 $
Other non-assurance services		
Tax compliance	71,000	47,650
Due diligence	10,000	-
	81,000	47,650

Details of the amounts paid or payable to the Company's auditor and related practices of the auditor for non-audit services provided during the year are set out above. The Board has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2026/183, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the Corporations Act 2001, for the year ended 30 June 2026 has been received and can be found on page 37 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Mark Simari
Executive Chair

24 August 2026

Matt Forman
Non-Executive Director

Remuneration Report (audited)

Remuneration Report (audited)

The Remuneration Report is set out under the headings below:

Persons covered in the Remuneration Report

This report details the remuneration arrangement of key management personnel ('KMP') of the XPON are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, which includes all Directors, and the Chief Financial Officer (CFO). The persons covered by the 2026 Remuneration report are detailed below.

Non-Executive Directors	Role
Mark Simari	Independent Non-Executive Director, Chair of the Board, Chair of the Nominations and Remuneration Committee, a member of the Audit & Risk Management Committee, appointed to the Board on 8 April 2024, resigned as Independent Non-Executive Director on 19 September 2025 and was appointed as Executive Chair on the same date.
Matt Forman	Resigned as Group CEO and Managing Director and was appointed as Non-Executive Director on 19 September 2025.
James Olsen	Independent Non-Executive Director, Chair of the Audit & Risk Management Committee, a member of the Nomination & Remuneration Committee, appointed to the Board on 8 April 2024.
Executives	**Role**
Matt Forman	Group CEO and Managing Director, resigned on 19 September 2025.
Mark Simari	Executive Chair, appointed on 19 September 2025.
Rebecca He	Chief Financial Officer ("CFO")

1.0 REMUNERATION AT A GLANCE

1.1 Executive Remuneration Framework

The executive remuneration framework has been designed to align Executive rewards to shareholders' interests and includes:

Total Fixed Remuneration (TFR) Base salary plus superannuation	**Performance Based Remuneration (At Risk)** Performance based incentives
TFR is set in relation to the similar roles in similar companies and is Influenced by the • strategic value and responsibilities of the role; and • individual's skills, qualifications, experience and performance.	**Short Term Incentives (STI)** paid as cash for achievement of a mix of short-term corporate and personal targets and ordinarily reflect the early stage of the company. No STI's were granted in FY26
Reviewed annually	**Long Term Incentive (LTI)** paid as equity, that may be subject to the satisfaction of service-based conditions and/or performance hurdles Performance Rights were granted to Executive KMP in FY26.

1.2 FY26 Executive KMP Remuneration Mix

The remuneration mix KMP are eligible to earn in FY26 is as follows:

	Total Fixed Remuneration (TFR)	**Target STI**	**Target LTI**
Matt Forman – CEO (resigned on 19 September 2025)	100%	n/a	n/a
Mark Simari - Executive Chair	100%	n/a	n/a
Rebecca He - CFO	90%	n/a	10%

2. EXECUTIVE KMP REMUNERATION

The Company aims to reward Executives based on their position, individual responsibilities and the value they add to the Company. The remuneration mix is comprised of both fixed and variable elements, with the at risk component providing upside to the Executive that aligns them with shareholder interests. The Executive Remuneration and reward framework has three components as outlined in 1.1. The combination of these comprises the Executive's Total Remuneration.

2.1 Fixed Remuneration

Fixed Remuneration is reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the Group and market comparable remuneration levels. Fixed Remuneration is paid as cash to Executives with superannuation paid to the nominated superannuation account.

2.2 *Short Term Incentive*

The Company currently provides the Executive team with cash based Short Term Incentives (STIs) which become payable upon satisfaction of specified performance criteria set by the Board on an annual basis. Each eligible team member is subject to the performance assessment criteria as outlined in the annual STI Targets.

FY26 Short Term Incentive (STI) Plan and Outcomes

No STI's were awarded to KMP in relation to FY26.

2.3 *Long Term Incentive (LTI)*

The LTI plan is designed to align KMP with shareholder objectives and expectations and outcomes. The LTI plan plays an important part in retaining key Executives.

A summary of the Executives Performance Rights were granted during the year and vesting conditions are as follows:

	Grant Date	Expiry Date	Vesting Conditions	Number of Performance Rights Granted	Exercise price	Fair value of each Performance Right at grant date
Rebecca He	04-Sep-25	5-Sep-28	1.7m vested immediately and 15m vested bi-annually over 3 year service period	16,778,135	Nil	$0.008

2.4 *Service Agreements*

All Executive KMP are employed on service agreements that detail their remuneration arrangements. The agreements are open ended, although the service agreements may be terminated with the provision of specified notice. Below is a summary of the termination provisions for Executive KMP.

Executive KMP	Roles	Period of notice from XPON	Period of notice from employee	Termination payments [1]
Matt Forman	Chief Executive Officer (resigned on 19 September 2025)	12 months	6 months	12 months
Mark Simari	Executive Chair (appointed on 19 September 2025)	1 month	1 month	1 month
Rebecca He	Chief Financial Officer	1 month	1 month	1 month

1. Termination payments are based on base salary, excluding superannuation for Mr. Forman and base salary, including superannuation for Ms. Rebecca He

3. GOVERNANCE

3.1 *The Role of the Board*

Ultimately, the Board is responsible for the Company's remuneration policies and practices. The role of the Board is to ensure that appropriate and effective remuneration packages and policies are in place to attract and retain high quality Executives and Non-Executives Directors, and to motivate Executives to create value for our shareholders.

When reviewing performance and determining incentive outcomes, the Board ensures that performance outcomes align with market-reported results, execution of approved strategy and shareholder outcomes. To achieve this alignment, the Board retains discretion over final performance and incentive outcomes and recognises that there are limited cases where adjustments should be sought.

The Board also monitors compliance with Board approved remuneration policies and practices and stays abreast of remuneration trends and the general external environment.

3.2 Role of the Nomination and Remuneration Committee (NRC)

The Nomination and Remunerations Committee's role is to review and make recommendations to the Board on remuneration packages and policies related to the Directors and Executives, and to ensure the remuneration policies and practices are appropriate and aligned to Company performance and shareholder expectations.

Under its delegation of authority, the NRC is empowered by the Board to engage external consultants and other professional advisors if necessary to carry out its duties. The NRC ensures the CEO is not present at any discussions relating to the determination of his own remuneration.

Independent Remuneration Advisors

From time to time, the NRC may receive advice from independent remuneration consultants on benchmarks for Non-Executive Director and Executive remuneration arrangements. Benchmarks consider similar organisations in the Australian technology industry and other companies where it competes for talent. If advisors are engaged, they report directly to the Chair of the NRC. The agreement for the provision of remuneration consulting services is executed by the Chair of the NRC under delegated authority on behalf of the Board. No advisors were engaged for the 2026 financial year.

At the 2025 Annual General Meeting ("AGM"), 100% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2025. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

4. NON-EXECUTIVE DIRECTOR (NED) REMUNERATION

4.1 Remuneration policy and structure

Fees and payments to Non-Executive Directors reflect the demands and responsibilities of their role. Non-Executive Directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee and may consider independent benchmark information to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market. The Chair's fees are determined independently to the fees of other Non-Executive Directors based on comparative roles in the external market. The Chair is not present at any discussions relating to the determination of his own remuneration.

The non-executive Directors remuneration framework payment based on Total Fixed Remuneration (TFR). However, in order to preserve cash non-executive may forgo TFR in exchange for equity in the form of NED Performance Rights that vest on satisfaction of service-based conditions, Non-Executive Directors can only be awarded NED Performance Rights if approved by shareholders at a General Meeting.

ASX listing rules require the aggregate Non-Executive Directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 24 October 2022, where the shareholders approved a maximum annual aggregate remuneration of $500,000. For the financial year ended 30 June 2026, the fees payable to the current Non-Executive Directors (whether in cash or securities) did not exceed $500,000 in aggregate.

	2026 Fixed remuneration including superannuation	2025 Fixed remuneration including superannuation
Chair - Mark Simari [1]	$195,579	$21,648
Non-Executive Directors [1]	$91,839	$13,667

NED Performance rights

At the 19 June 2024 Extraordinary General Meeting, shareholders approved the issue of Performance Rights to Non-Executive Directors under the terms of the EISP. Performance Rights are rights to receive shares from the Company, subject to the satisfaction and/or waiver of vesting conditions.

A summary of the Non-Executive Director outstanding Performance Rights and vesting conditions are as follows:

	Grant Date	Expiry Date	Vesting Conditions	Number of Performance Rights Granted	Exercise price	Fair value of each Performance Right at grant date
Mark Simari	19-Jun-24	20-Jun-29	Vesting quarterly over four consecutive tranches for each service period (i.e. 8-Jul-24, 8-Oct-24, 8-Jan-25, 8-Apr-25)	6,333,333	Nil	$0.01
James Olsen	19-Jun-24	20-Jun-29	Vesting quarterly over four consecutive tranches for each service period (i.e. 8-Jul-24, 8-Oct-24, 8-Jan-25, 8-Apr-25)	4,000,000	Nil	$0.01
				10,333,333		

4.2 Non-Executive Director Minimum Shareholder Requirements

On 22 September 2022, the Directors approved a Minimum Shareholder Requirement Policy (MSR) that within 3 years requires Directors to hold Shares in the Company equivalent to the value of 1 year's Director fees. All Non-Executive Directors have met the Company's minimum shareholder requirements. The Non-Executive Directors' investments in the Company further aligns them with the interest of all shareholders.

5. DETAILS OF REMUNERATION

5.1 Amounts of remuneration

Details of the remuneration of KMP of the Group are set out in the following tables.

Directors' Report (continued)

2026 KMP Remuneration Details

	Short Term Benefits				Post Employment Benefits	Long-term benefits	Share Based Payments		
Name	Cash base salary and fees $	Cash bonus / STI $	Annual leave $ [2]	Other benefits $	Super-annuation $	Long service leave $ [2]	LTI Options [3]$	LTI Performance Rights $	Total $
NED remuneration [3]									
Mark Simari	48,579	-	-	-	-	-	-	-	**48,579**
James Olsen	74,903	-	-	-	-	-	-	-	**74,903**
Matt Forman	16,935	-	-	-	-	-	-	-	**16,935**
Total NED remuneration	**140,417**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**140,417**
Executive KMP									
Matt Forman	285,060	-	7,289	27,939	32,767	14,904	-	-	**367,959**
Mark Simari	147,000	-	-	-	-	-	-	-	**147,000**
Rebecca He	312,935	-	-	95,802	5,323	-	-	47,558	**461,618**
Total Executive KMP	**744,995**	**-**	**7,289**	**123,741**	**38,090**	**14,904**	**-**	**47,558**	**976,577**
Total KMP remuneration expensed	**885,412**	**-**	**7,289**	**123,741**	**38,090**	**14,904**	**-**	**47,558**	**1,116,994**

1. Other benefits include motor vehicle expenses for Mr Forman.
2. Amounts accrued for the year ending 2026.
3. NED cash salary and fees include superannuation; NED LTI Options reflect amortisation of Options issued prior to the IPO; and LTI Performance Options reflect Performance Rights in lieu of cash remuneration
4. During the reporting period, Xpon engaged Rebecca He under a part-time employment contract to perform the role of Chief Financial Officer. This arrangement subsequently transitioned to a service contract delivered through RH CFO Consulting, an entity controlled by Rebecca He. In addition to CFO responsibilities, RH CFO Consulting provided Transactional Services and Project Management consulting services during the period. The consulting engagement was conducted on arm's-length terms and approved by the Board, with appropriate governance controls and conflict-management protocols in place. Fees of $96k relating to Transactional Services and Project Management work were paid to RH CFO Consulting and are disclosed as Other Benefits. The Board considers this dual engagement structure cost-effective and aligned with the Company's strategic needs, while maintaining transparency and compliance with ASX Listing Rules and the Corporations Act 2001.

2025 KMP Remuneration Details

Name	Short Term Benefits: Cash base salary and fees $	Short Term Benefits: Cash bonus / STI $	Short Term Benefits: Annual leave $ [2]	Short Term Benefits: Other benefits $	Post Employment Benefits: Super-annuation $	Long-term benefits: Long service leave $ [2]	Share Based Payments: LTI Options [3]$	Share Based Payments: LTI Performance Rights $	Total $
NED remuneration [3]									
Mark Simari	21,648	-	-	-	-	-	-	59,302	**80,950**
James Olsen	13,667	-	-	-	-	-	-	37,454	**51,121**
Total NED remuneration	**35,315**	**-**	**-**	**-**	**-**	**-**	**-**	**96,756**	**132,071**
Executive KMP									
Matt Forman	262,750	-	39,476	25,280[1]	29,479	71,234	-	-	**428,219**
Rebecca He	92,055	-	11,779	67,000[5]	10,636	1,920	-	-	**183,390**
Lisa Young [4]	157,889	-	-	-	17,647	-	-	-	**175,536**
Total Executive KMP	**512,694**	**-**	**51,255**	**92,280**	**57,762**	**73,154**	**-**	**-**	**787,145**
Total KMP remuneration expensed	**548,009**	**-**	**51,255**	**92,280**	**57,762**	**73,154**	**-**	**96,756**	**919,216**

1. Other benefits include motor vehicle expenses for Mr Forman.
2. Amounts accrued for the year ending 2025.
3. NED cash salary and fees include superannuation; NED LTI Options reflect amortisation of Options issued prior to the IPO; and LTI Performance Options reflect Performance Rights in lieu of cash remuneration
4. Ms Lisa Young resigned on 25 January 2025.
5.During the reporting period, Xpon engaged Rebecca He under a part-time employment contract to perform the role of Interim Chief Financial Officer. In addition to this salaried position, Rebecca He also provided consulting services relating to process improvement through a separate entity, RH CFO Consulting, which is controlled by Rebecca He.

The consulting arrangement was conducted on arm's length terms and approved by the Board, with appropriate governance and conflict management protocols in place. Fees paid to RH CFO Consulting during the period totalled $67,000 and are disclosed as Other Benefits. The Board considers this dual engagement structure to be cost-effective and aligned with the Company's strategic needs, while maintaining transparency and compliance with ASX Listing Rules and the Corporations Act 2001.

5.2 At Risk Remuneration Summary

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration [1]		At risk - STI		At risk - LTI [3]	
Name	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**
Non-Executive Directors						
Mark Simari	100%	100%	-	-	n/a	n/a
James Olsen	100%	100%	-	-	n/a	n/a
Executive KMP						
Matt Forman	100%	100%	0%	0%	0%	0%
Mark Simari	100%	100%	-	-	-	-
Rebecca He	90%	100%	-	-	10%	-

1. Fixed remuneration includes base salary, super and other benefits

5.3 Share-based compensation

5.3.1 Issue of Shares

There were no Shares issued to KMP as part of compensation during the year ended 30 June 2026.

5.3.2 Shares under Option

Unissued Ordinary Shares of XPON and Controlled Entities under Option to KMP at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number Issued Under Option 1 July 2026	Number Options Forfeited as at 30 June 2026	Number Options Vested as at 30 June 2026	Other changes	Balance under Option Unvested
01-Jul-2021	02-Jul-2031	$0.11	3,972,220	-	3,722,220	-	250,000
			3,972,220	**-**	**3,722,220**	**-**	**250,000**

No Option holder has any right under the Options to participate in any other Share issue of the Company or any other entity.

5.3.3 Issue of Options

There were no Options issued to KMP as part of compensation during the year ended 30 June 2026.

2026 Ordinary Option holdings of KMP

Name	Balance 1 July 2025	Granted during the reportin g period	Exercised during the reporting period	Lapsed during the reporting period	Other changes	Balance 30 June 2026	Vested during the reportin g period	Vested and exercisable 30 June 2026	Unvested and not exercisable 30 June 2026
Non-Executive Directors									
James Olsen	-	-	-	-	-	-	-	-	-
Matt Forman	3,472,220	-	-	-	-	3,472,220	-	3,472,220	-
Executive KMP									
Mark Simari	-	-	-	-	-	-	-	-	-
Rebecca He	-	-	-	-	-	-	-	-	-
Total	**3,472,220**	**-**	**-**	**-**	**-**	**3,472,220**	**-**	**3,472,220**	**-**

2026 Performance Incentive Options holdings of KMP

Name	Balance 1 July 2025	Granted during the reporting period	Exercised during the reporting period	Lapsed during the reportin g period	Balance 30 June 2026	Vested during the reporting period	Vested and exercisable 30 June 2026	Unvested and not exercisable 30 June 2026
Executive KMP								
Matt Forman	500,000	-	-	-	500,000	-	250,000	250,000

Issue of Performance Rights

The following Performance Rights were held by KMP during FY26:

Name	Balance 1 July 2025	Granted during the reporting period	Balance 30 June 2026	Vested during the reporting period	Vested and exercisable 30 June 2026
Non-Executive Directors					
Mark Simari	6,333,333	-	6,333,333	-	6,333,333
James Olsen	4,000,000	-	4,000,000	-	4,000,000
Rebecca He	-	16,778,135	16,778,135	4,278,135	4,278,135
Total	**10,333,333**	**16,778,135**	**27,111,468**	**4,278,135**	**14,611,468**

Directors' Report (continued)

5.3.4 Movement in Ordinary Shares

The number of Shares in the Company held (directly or indirectly) during the financial year by each Non-Executive Directors and Executive KMP or their related parties (their close family members or any entity they, or their close family members, control, jointly control or significantly influence) are set out below:

2026 Movement in Shares

Name	Balance at start of year [1]	Received as part of remuneration	Purchased on market	Disposal of shares	Other changes	Balance at 30 June 2026
Non-Executive Directors						
Matt Forman	113,721,652	-	-	-	-	113,721,652
James Olsen	10,000,000	-	5,000,000	-	-	15,000,000
Executive KMP						
Mark Simari	1,516,666	-	-	-	-	1,516,666
Rebecca He	-	4,278,135	-	-	-	4,278,135
Total	**125,238,318**	**4,278,135**	**5,000,000**	**-**	**-**	**134,516,453**

5.4 Additional disclosures relating to KMP

5.4.1 Loans to KMP and their related parties

There were no loans to KMP during the year.

5.4.2 Other transactions with KMP

Other related parties include close family members of KMP and entities that are controlled or significantly influenced by those KMP or their close family members.

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with KMP and their related parties:

	2026 $	2025 $
KMP related parties		
Belinda Forman – Remuneration	164,797	164,061
Loan with Konda Corp Pty Ltd, a related entity of Matt Forman	300,000	-

Belinda Forman, spouse of the Matt Forman, was employed during the year as Team and Culture Development Coach. The Board is satisfied that governance protocols, including independent oversight of remuneration and reporting lines, appropriately manage any potential conflicts. As she is not a member of KMP, her remuneration is excluded from KMP disclosures but is disclosed in the financial statements per AASB 124.

Directors' Report (continued)

5.5 Additional information

The earnings of the consolidated entity for the five years to 30 June 2026 are summarised below:

	2026 ($)	2025 ($)	2024 ($)	2023 ($)	2022 ($)
Sales revenue	12,274,515	8,917,368	9,873,318	15,070,156	13,310,449
EBITDA	1,123,711	(99,889)	(6,201,522)	(8,036,909)	(6,097,034)
EBIT	583,624	(262,870)	(6,401,350)	(8,459,474)	(6,578,213)
Profit/(loss) after income tax	224,782	(1,356,955)	(6,761,181)	(8,604,526)	(6,301,292)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2026	2025	2024	2023	2022
Share price at financial year end ($)	0.009	0.009	0.016	0.051	0.12
Total dividends declared (cents per share)	-	-	-	-	-
Basic earnings/(loss) per share (cents per share)	0.047	(0.37)	(2.18)	(2.83)	(2.32)

This concludes the remuneration report, which has been audited.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

Signed in accordance with a resolution of the Board of Directors:

Mark Simari
Executive Chair

24 August 2026

Matt Forman
Non-Executive Director

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of XPON Technologies Group Limited and its controlled entities for the year ended 30 June 2026, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

A L Whittingham

A L WHITTINGHAM
Partner

Dated: 24 August 2026
Melbourne, Victoria

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2026

	Note	2026 $	2025 $
Revenue from contracts with customers	7	12,274,515	8,917,368
Cost of sales		(3,930,067)	(2,497,590)
Gross profit		8,344,448	6,419,778
Other income	7	98,820	140,569
Changes in fair value of financial liabilities		3,879	374,127
Superannuation expense		(357,484)	(432,948)
Employee expenses		(5,122,412)	(4,685,332)
Depreciation and Amortisation		(540,087)	(162,981)
Other expenses	8	(1,222,364)	(1,194,976)
Finance expenses		(594,506)	(1,009,152)
Sales and Marketing expense		(100,338)	(293,044)
IT and Facilities expense		(501,136)	(412,936)
Gain on disposal of subsidiary	6	337,838	-
Profit/(loss) before income tax expense		**346,658**	**(1,256,895)**
Income tax expense	9	(121,876)	(100,060)
Profit/(loss) after income tax expense for the year		**224,782**	**(1,356,955)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign controlled entities		21,407	(39,173)
Other comprehensive income/(loss) for the year, net of tax		21,407	(39,173)
Total comprehensive income/(loss) for the year		**246,189**	**(1,396,128)**
Earnings per Share for loss attributable to the ordinary equity holders of the Company:			
Basic earnings/(loss) per Share (cents)	27	0.047	(0.37)
Diluted earnings/(loss) per Share (cents)	27	0.045	(0.37)

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

Consolidated statement of financial position

As at 30 June 2026

	Note	2026 $	2025 $
ASSETS			
Current assets			
Cash and cash equivalents	10	111,623	2,732,604
Trade and other receivables	12	27,730	4,023,464
Assets of disposal group held for sale	11	9,247,181	-
Contract assets	13	-	73,132
Prepayments		17,475	252,788
Total current assets		**9,404,009**	**7,081,988**
Non-current assets			
Property, plant and equipment		-	12,820
Right of use assets	18	-	811,575
Intangible assets	14	27,998	3,790,488
Deferred tax assets	22	281,764	168,470
Other assets		3,812	76,142
Total non-current assets		**313,574**	**4,859,495**
Total assets		**9,717,583**	**11,941,483**
LIABILITIES			
Current liabilities			
Trade and other payables	15	487,152	7,124,206
Liabilities directly related to held for sale assets	11	10,047,418	-
Financial liabilities - derivatives		-	3,879
Borrowings	16	800,000	2,054,038
Employee benefits	17	141,212	627,687
Lease liabilities	18	-	215,569
Other provisions		122,736	118,211
Contract liabilities	13	-	1,871,233
Total current liabilities		**11,598,518**	**12,014,823**
Non-current liabilities			
Borrowings	16	-	1,361,536
Deferred consideration		-	415,090
Lease liabilities	18	-	602,718
Employee benefits	17	28,717	195,445
Total non-current liabilities		**28,717**	**2,574,789**
Total liabilities		**11,627,235**	**14,589,612**
Net liabilities		**(1,909,652)**	**(2,648,129)**
EQUITY			
Issued capital	19	23,692,528	22,968,720
Reserves	20	2,039,343	2,249,456
Accumulated losses		(27,641,523)	(27,866,305)
Total deficiency in equity		**(1,909,652)**	**(2,648,129)**

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

Consolidated statement of changes in equity

For the year ended 30 June 2026

	Ordinary Shares $	Foreign Currency Translation Reserve $	General Reserve $	Employee Option Reserve $	Accumulated losses $	Total equity $
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 benefit for the year	-	-	-	-	(1,356,955)	(1,356,955)
Other comprehensive income for the year, net of tax	-	(39,173)	-	-	-	(39,173)
Total comprehensive loss for the year	-	(39,173)	-	-	(1,356,955)	(1,396,128)
Transactions with owners in their capacity as owners:						
Share based payment transactions (note 20)	-	-	-	325,811	-	325,811
Issue of ordinary shares (note 5)	180,000	-	-	-	-	180,000
Convertible Notes warrants exercised	158,573	-	-	-	-	158,573
Balance at 30 June 2025	22,968,720	(43,851)	42,961	2,250,346	(27,866,305)	(2,648,129)

	Ordinary Shares $	Foreign Currency Translation Reserve $	General Reserve $	Employee Option Reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2025	22,968,720	(43,851)	42,961	2,250,346	(27,866,305)	(2,648,129)
Profit after income tax benefit for the year	-	-	-	-	224,782	224,782
Other comprehensive income for the year, net of tax	-	21,407	-	-	-	21,407
Total comprehensive profit for the year	-	21,407	-	-	224,782	246,189
Transactions with owners in their capacity as owners:						
Share based payment transactions (note 20)	-	-	-	67,288	-	67,288
Issue of ordinary shares (note 19)	425,000	-	-	-	-	425,000
Performance Rights vested (note 20)	298,808	-	-	(298,808)	-	-
Balance at 30 June 2026	23,692,528	(22,444)	42,961	2,018,826	(27,641,523)	(1,909,652)

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

Consolidated statement of cash flows

For the year ended 30 June 2026

	Note	2026 $	2025 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers (inclusive of GST)		13,349,933	8,646,008
Payments to suppliers and employees (inclusive of GST)		(11,685,609)	(10,197,543)
Finance costs (net)		(285,126)	(211,204)
Government grants and tax incentives		60,508	101,403
Net cash used in operating activities	**31**	**1,439,706**	**(1,661,336)**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(21,086)	(6,357)
Cash acquired on acquisition of subsidiary	5	-	942,426
Cash foregone upon disposal of businesses, net of cash disposed	-	(251,364)	-
Proceeds from property, plant & equipment		-	1,964
Net cash from/(used in) investing activities		**(272,450)**	**938,033**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares	18	425,000	-
Proceeds from Convertible Notes Warrants exercised			104,265
Proceeds from borrowings		800,000	-
Repayment of borrowings		(2,154,906)	(23,887)
Principal elements of lease payments		(203,465)	(34,092)
Transaction costs related to issues of equity securities or convertible debt securities		-	-
Net cash (used in)/from financing activities		**(1,133,371)**	**46,286**
Net decrease in cash and cash equivalents		33,885	(677,017)
Cash and cash equivalents at the beginning of the financial year		2,732,604	3,448,794
Effects of exchange rate changes on cash and cash equivalents		21,407	(39,173)
Cash and cash equivalents at the end of the financial year[1]		**2,787,896**	**2,732,604**

[1] Includes $2,676,274 of cash and cash equivalents attributable to Datisan Pty Ltd, which has been reclassified to assets of disposal group held for sale on the Statement of Financial Position at 30 June 2026.

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

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 1. General information

The financial report covers XPON Technologies Group Limited and Controlled Entities ('the Group'). XPON Technologies Group Limited ('the Parent' or 'the Parent Entity' or 'the Company') is a for-profit Company limited by Shares, incorporated and domiciled in Australia.

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (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 24 August 2026.

Comparatives are consistent with prior years, unless otherwise stated.

Note 2. Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the Corporations Act 2001.

These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Note 3. Summary of Material Accounting Policies

The accounting policies that are material to the Group are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

Notes to the Financial Statements (continued)

Going concern

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

As disclosed in the financial statements, for the year ended 30 June 2026, the Group reported a net current liabilities of $2,194,509 (2025: $4,932,835) and net liabilities of $1,909,652 (2025: net liabilities of $2,648,129).

These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. The Directors believe that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The sale of the Google Marketing Platform (GMP) and Google Cloud Platform (GCP) business, operated through Datisan Pty Ltd, to Incubeta Australia Pty Ltd is progressing in accordance with the terms of the Sale and Purchase Agreement. Upon completion, the transaction is expected to generate a significant cash inflow and materially strengthen the Group's working capital position, enhancing liquidity and providing greater financial flexibility to support ongoing operations and future growth initiatives;
- The Directors are confident additional funds and/or capital can be raised as is necessary to meet obligations as they fall due.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts, or classification of liabilities and appropriate disclosures that may be necessary should the Company be unable to continue as a going concern.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 33.

Basis for consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at 30 June 2026 and the results of all subsidiaries for the period then ended.

Subsidiaries

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

All controlled entities have a June financial year end. A list of controlled entities is contained in note 28 to the financial statements.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The consolidated financial statements are presented in Australian dollars, which is the Groups' functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency (Australian dollars) using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency translation reserve in equity.

The foreign currency translation reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer;

2. Identify the performance obligations;

3. Determine the transaction price;

4. Allocate the transaction price to the performance obligations; and

5. Recognise revenue as and when control of the performance obligations is transferred

The Group often enters into customer contracts to supply a bundle of products and services. The contract is then assessed to determine whether it contains a single combined performance obligation or multiple performance obligations. If applicable, the total transaction price is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as liabilities in its consolidated statement of financial position.

Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its consolidated statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

None of the revenue streams of the Group have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Group are:

Licenses, managed services and project services

Licences typically provide the customer with a right of access to IP and the performance obligation is satisfied over time.

Managed or project services provide clients with design, implementation and support services.

Often the Group also provides a significant service of integrating licenses with managed or project services to deliver a working solution such that, in the context of the actual contract, there is a single performance obligation to provide that solution. The Group has assessed that control of these solutions transfers to the customer over time. This is because each solution is unique to the customer (has no alternative use) and the terms of the contract state that the Group is entitled to a right to payment for the work completed to date.

Where a performance obligation is satisfied over time an appropriate method is selected for measuring progress towards complete satisfaction of the performance obligation. Performance is measured using an input method or an output method as deemed appropriate by management.

Revenue for these performance obligations is recognised as the customisation or integration work is performed, using the cost-to-cost method to estimate progress towards completion. Costs incurred are considered to be proportionate to the entity's performance, so the cost-to-cost method provides a faithful depiction of the transfer of goods and services to the customer.

The Group also provides managed or project services independent of licenses. Revenue from providing services is recognised in the accounting period in which the services are rendered. Revenue is recognised over time where the Group is entitled to payment for its performance to date throughout the contract period (including a profit margin that, in percentage terms, is equal to or more than the final expected profit margin).

Revenue for over-time contracts is determined based on the actual labour hours spent relative to the total expected labour hours and costs are expensed as incurred. Amounts remaining unbilled at the end of a reporting period are presented in the consolidated statement of financial position as accounts receivable if only the passage of time is required before payment of these amounts will be due or as contract assets if payment is conditional on future performance.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

If the contract includes an hourly fee, revenue is recognised in the amount to which the Group has a right to invoice.

Usage fees and commissions
Revenue is recognised in the amount to which the Group has a right to invoice based on either actual usage or sales. The Group acts as an agent in these transactions and only recognises revenue on a net basis.

Statement of financial position balances relating to revenue recognition

Contract assets and contract liabilities
Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before the payment is due, the Group presents the contract as a contract asset, unless the Group's rights to that amount of consideration are unconditional, in which case the Group recognises a receivable.

When an amount of consideration is received from a customer prior to the Group transferring a good or service to the customer, the Group recognises this as a contract liability.

Other income

Other income is recognised when it is received or when the right to receive payment is established. The revenue is measured at the transaction price agreed under the contract.

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Dividend income is recognised when the dividend is declared.

Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Assets and Liabilities Classified as Held for Sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to customary terms, and the sale is highly probable. Disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Assets and liabilities of disposal groups held for sale are presented separately as current items on the Statement of Financial Position.

Income tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred tax assets and liabilities

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);
- Taxable temporary differences arising on the initial recognition of goodwill; and
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

The Group has implemented the tax consolidation legislation. The head entity, XPON Technologies Group Limited, and the controlled entities in the tax consolidated group, account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right. In addition to its own current and deferred tax amounts, the Group also recognises the current tax liabilities or assets and the deferred tax assets arising from the temporary differences (but not on losses) from controlled entities in the tax consolidated group.

Notes to the Financial Statements (continued)

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Property, plant and equipment

Each class of property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation method

Property, plant and equipment, is depreciated on a straight-line basis over the assets useful life to the Group, commencing when the asset is ready for use.
Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Computer Equipment	20 - 50%
Furniture, Fixtures and Fittings	20 - 50%
Office Equipment	20 - 50%
Leasehold improvements	20%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Financial instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

(i) Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

- amortised cost;
- fair value through profit or loss – FVTPL;
- fair value through other comprehensive income - equity instrument (FVOCI - equity); and
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost; and
- debt investments measured at FVOCI

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group uses the presumption that an asset which is more than 90 days past due has seen a significant increase in credit risk.

The Group uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Group in full, without recourse to the Group to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach permitted by AASB 9 which uses an estimation of lifetime expected credit losses. Refer to Note 22 for further details on measurement of expected credit loss.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

(ii) Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs. Financial liabilities are subsequently measured at either amortised cost using the effective interest rate method or fair value through profit and loss, depending on their classification.

The financial liabilities of the Group comprise trade payables, bank and other loans and lease liabilities.

Impairment of non-financial assets

At the end of each reporting period the Group determines whether there is evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

Intangible assets

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- the consideration transferred;
- any non-controlling interest; and
- the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired in a business combination.

Under the 'full goodwill method', the fair values of the non-controlling interests are determined using valuation techniques which make the maximum use of market information where available.

Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill is not amortised but is tested for impairment annually and is allocated to the Group's cash generating units or groups of cash generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

Patents and Trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life ranging from one to five years.

Software

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between three and five years.

Customer contracts

The customer contracts were acquired as part of a business combination. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives. Customer contracts have an estimated useful life of between three and five years.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Leases

At inception of a contract, the Group assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset;
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of non-financial assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Group has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months without an option to extend) and leases of low-value assets. The Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

Other long-term employee benefit obligations

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

The obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

Defined contribution schemes

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in profit or loss in the periods in which services are provided by employees.

Share based payments

Share-based compensation benefits, including Share Appreciation Rights and Share Options, are provided to employees under the XPON OIP, and prior to listing under the Share Option Plan.

Employee Options

The fair value of Options granted under the Share Option Plan and the XPON OIP are recognised as a Share based payment expense (within employee benefits) with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the Options granted:

- including any market performance conditions (e.g. the Group's Share price);
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sale growth targets and remaining an employee of the Group over a specified time period); and
- including the impact of any non-vesting conditions (e.g. requirements for employees to save or hold Shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of Options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost using the effective interest method. The Group's financial liabilities measured at amortised cost include trade and other payables and the host liability of convertible notes.

Convertible notes
The conversion feature included in convertible notes is assessed to determine if it satisfies or fails the fixed-for-fixed requirement to be classified as a compound financial instrument containing an equity component. If this requirement is failed the notes are separated into the host liability and the derivative liability component of the notes.

Subsequent to initial recognition, any changes in fair value of the derivative liability at each balance date are recognised in profit or loss. The host liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the notes.

Contributed equity
Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of new Shares or Options or Share Appreciation Rights are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per Share
Basic earnings per Share
Basic earnings per share is calculated by dividing the profit attributable to the owners of XPON, excluding any costs of servicing equity other than Ordinary Shares, by the weighted average number of Ordinary Shares outstanding during the financial year, adjusted for bonus elements in Ordinary Shares issued during the financial year.

Diluted earnings per Share
Diluted earnings per Share adjusts the figures used in the determination of basic earnings per Share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential Ordinary Shares and the weighted average number of Shares assumed to have been issued for no consideration in relation to dilutive potential Ordinary Shares.

Business combinations
The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- the fair values of the assets transferred
- the liabilities incurred to the former owners of the acquired business
- the equity interests issued by the group
- the fair value of any asset or liability resulting from a contingent consideration arrangement, and
- the fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- the consideration transferred
- the amount of any non-controlling interest in the acquired entity, and
- the acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or as financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets of disposal group held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Adoption of new and revised accounting standards

The Group has adopted all accounting standards which became effective for the first time at 1 July 2025 - the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2026. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

AASB 18 Presentation and Disclosure in Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2027 and early adoption is permitted. The standard replaces IAS 1 'Presentation of Financial Statements', with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. But the standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations.

The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The consolidated entity will adopt this standard from 1 July 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.

Note 4. Critical Accounting Estimates and Judgements

The Directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates – business combinations

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Key estimates - trade receivables and contract assets

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The use of forward-looking data and setting a lifetime expected loss allowance incorporates the use of judgment. Refer to note 22 for further information on assessment performed.

Key estimates - Goodwill

In accordance with AASB 136 Impairment of Assets, the Group assesses the recoverable amount of goodwill at each reporting period.

For the period ended 30 June 2026, the recoverable amount of the Cash-Generating Unit (CGU) was determined using the Fair Value Less Costs of Disposal (FVLCD) methodology, following the execution of a binding Share Sale Deed on 15 June 2026 to divest 100% of Datisan Pty Ltd.

The determination of FVLCD involves key estimates and assumptions regarding:

- The fixed, non-contingent upfront cash consideration specified in the binding sale agreement;
- Direct incremental transaction costs required to execute the transaction, including advisory, commission, and legal fees.

Further details on the transaction and impairment testing are provided in note 14 to the consolidated financial statements.

Key estimates - Revenue recognition

In accordance with AASB 15, the Group recognises revenue on a basis that reflects the transfer of promised services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those services. A significant revenue stream of the Group is providing licenses, managed services and project services to the customers, in which revenue for these performance obligations is recognised over time using the cost-to-cost method to estimate progress towards completion.

Key estimates – share-based payments

The Group measures the cost of equity-settled transactions with employees and other parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using an appropriate valuation model (such as Black-Scholes or a Monte Carlo simulation), taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments, including key inputs such as expected volatility, dividend yield, risk-free interest rates, and forfeiture rates, would impact the relevant expenses and equity reserves reported.

Key judgements - taxes

Deferred tax assets

Determining income tax provisions involves judgment on the tax treatment of certain transactions. Deferred tax is recognised on tax losses not yet used and on temporary differences where it is probable that there will be taxable revenue against which these can be offset. Management has made judgments as to the probability of future taxable revenues being generated against which tax losses will be available for offset based on budgets, current and future expected economic conditions. Deferred tax assets have only been recognised to the extent that it is highly probable that deferred tax assets will be recoverable in the foreseeable future.

Key judgements – assets of disposal group held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The Directors assess whether an asset meets the strict criteria under AASB 5, specifically that the asset is available for immediate sale in its present condition and that the sale is highly probable. Making this assessment requires significant management judgement, including evaluating whether active marketing has commenced, management's level of commitment to a plan to sell, and whether the transaction is reasonably expected to complete within 12 months from the reporting date.

Different jurisdictions

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group is required to recognise liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. There are currently no matters of this nature that have been identified or suspected, and as such, there has been no impact to the income tax and deferred tax provisions.

Note 5. Business Combinations

(a) Summary of acquisition

During the financial year ended 30 June 2026, the Group finalised the Purchase Price Allocation (PPA) for the acquisition of Alpha Digital Design Consultants (Aust) Pty Ltd, which took place on 6th May 2025. In the 30 June 2025 financial statements, accounting for this business combination was recognized on a provisional basis in accordance with AASB 3 Business Combinations. Within the 12-month measurement period, management obtained additional information regarding facts and circumstances that existed as at the acquisition date, relating to the final valuation of contingent considerations.

As required by AASB 3, the fair values of identifiable assets acquired and liabilities assumed have been finalised, and comparative information for the year ended 30 June 2025 has been retrospectively adjusted.

The fair value of the purchase consideration was measured as at 30 June 2026 as follows:

	Provisional Value (30 June 2025)	Adjustment	Finalised Value
			$
Ordinary shares issued[1]	180,000	-	180,000
Contingent consideration[2]	415,090	213,668	628,758
Borrowings	2,005,488	-	2,005,488
Total purchase consideration	**2,600,578**	**213,668**	**2,814,246**

[1]30,811,725 ordinary fully paid shares issued on completion of the acquisition of Alpha based on 15 day VWAP prior to the date of completion, being $0.005842 per share.

[2]In the event that EBITDA targets are achieved by Alpha Digital Design Consultants (Aust) Pty Ltd for the years ended 30 June 2026 and 30 June 2027, additional consideration of up to $891,000 may be payable in cash or the Group's shares at 15 % discount to 15 day VWAP, floor $0.015 per share.

The fair value measurement was based on the acquisition-date budget for Alpha Digital Design Consultants (Aust) Pty Ltd and an assessed probability weighted for each scenarios of the earn-out being achieved for the years ended 30 June 2026 and 30 June 2027. Based on this assessment, the earn-out liability was recognised at net present value of $415,090 as at 30 June 2025.

During the period end to 30 June 2026, management reassessed the probability of achieving the earn-out. Following this reassessment, management concluded that there is likely to be 100% certainty that the earn-out targets will be met for both financial years. The reassessment was based on information and budgets existing at acquisition date. Therefore, the deferred consideration liability has been increased by $213,668 with a corresponding adjustment to goodwill.

The impact of the finalisation on the acquisition-date values and goodwill is summarized below:

	Provisional Value (30 June 2025)	Adjustment	Finalised Value
Cash and cash equivalents	942,426	-	942,426
Trade and other receivables	872,001	-	872,001
Prepayments	34,960	-	34,960
Property, plant and equipment	7,937	-	7,937
Intangible assets	17,230	-	17,230
Deferred tax assets	69,192	-	69,192
Other assets	60,381	-	60,381
Trade and other payables	(954,351)	-	(954,351)
Employees benefit	(247,508)	-	(247,508)
Contract liabilities	(260,668)	-	(260,668)
Provisions	(38,595)	-	(38,595)
Customer contracts	1,507,884	-	1,507,884
Deferred tax liabilities on customer contracts acquired	(376,971)	-	(376,971)
Net identifiable assets acquired	**1,633,918**	**-**	**1,633,918**
Add: Goodwill	966,660	213,668	1,180,328
Acquisition-date fair value of the total consideration transferred	**2,600,578**	**213,668**	**2,814,246**

(b) Purchase consideration – cash inflow

Cash outflow, to acquire subsidiary, net of cash acquired	$
Cash consideration	-
Less: balances acquired	
Cash	942,426
Net inflow of cash – investing activities	**942,426**

Acquisition-related costs

Acquisition-related costs of $41,213 that were not directly attributable to the issue of shares are included in administrative expenses in the last year's statement of profit or loss and in last year's operating cash flows in the statement of cash flows.

Identifiable intangible assets acquired

The customer contracts acquired in the business combination have an estimated useful life of 5 years, based on management's assessment of the period over which the assets are expected to generate economic benefits. The useful lives are reviewed at each reporting date and adjusted if appropriate.

Note 6. Disposal of Subsidiaries

(a) Description

On 31 May 2026, XPON entered a binding agreement to divest 100% of Alpha Digital Design Consultants (Aust) Pty Ltd ("Alpha Digital") 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.

An analysis of the fair value of the Alpha Digital's net assets to the net proceeds resulted in a gain from disposal of $337,838.

(b) Financial performance and cash flow information of disposed subsidiaries

The financial performance and cash flow information of the disposed subsidiaries presented is for the periods detailed below.

	Consolidated	
	1 July 2025 to 31 May 2026	**6 May 2025 to 30 Jun 2025**
	$	**$**
Revenue	4,043,437	660,941
Expenses	(3,981,257)	(538,664)
Derecognition of related party loans receivable	(970,000)	-
Loss before tax	(907,820)	122,277
Income tax expense	-	(9,069)
Loss after income tax of disposed subsidiaries	(907,820)	113,208
Gain on disposal of subsidiaries after income tax (see (c) below)	337,838	-
Total loss from disposed subsidiaries	(569,982)	113,208

(c) Details of the sale of the subsidiaries

	$
Cash consideration received	776
Total disposal consideration	2
Carrying value of net liabilities disposed	291,506
Carrying value of goodwill, intangible assets & deferred tax liability allocated to disposed subsidiaries on consolidation	(2,066,212)
Forgiveness of Vendor loan	1,401,694
Derecognition of deferred contingent consideration	773,798
Derecognition of Interco receivables	(63,724)
Profit on sale before income tax	337,838
Income tax on disposal	-
Gain on disposal after income tax	337,838

The carrying amounts of assets and liabilities as at the date of sale (31 May 2026) were:

	$
Cash and cash equivalents	252,140
Trade and other receivables	559,087
Prepayments	60,978
Other assets	78,802
Right of Use assets	840,302
Intangible Assets	17,229
Deferred tax assets	60,124
Property, plant and equipment	15,679
Total assets	1,884,341
Trade and other payables	(1,014,266)
Employee benefits	(175,820)
Contract liabilities	(85,873)
Lease Liabilities - Current	(197,728)
Lease Liabilities - Non current	(661,465)
Employee benefits - Non-current	(40,695)
Total liabilities	(2,175,847)
Net liabilities	(291,506)

Note 7. Revenue from contracts with customers and Other Income

Disaggregation of revenue

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

	2026 $	2025 $
Major services line		
Licences	4,592,960	5,306,877
Managed services	4,667,912	860,894
Project services	546,143	703,595
Usage Fees	2,467,500	2,046,002
	12,274,515	**8,917,368**
Geographical regions		
Australia	11,823,217	8,291,930
United Kingdom	451,298	625,438
	12,274,515	**8,917,368**

Timing of revenue recognition		
Services transferred over time	9,807,015	6,871,366
Services transferred at a point in time	2,467,500	2,046,002
	12,274,515	**8,917,368**

	2026 $	**2025 $**
Other Income		
- R&D refund	60,508	100,337
- Other income	38,312	40,232
	98,820	**140,569**

No single customer contributed 10% or more of the Group's revenue for the year ended 30 Jun 2026.

Note 8. Other expenses

Other expenses are comprised of the following:	**2026 $**	**2025 $**
Consulting and Accounting expenses	168,306	152,659
Insurance and Travel expenses	286,019	268,393
Compliance expenses	336,784	342,598
People & Culture Expenses	27,962	32,461
Other expenses	403,293	398,865
	1,222,364	1,194,976

Note 9. Income Tax Expense

(a) The major components of tax expense comprise:

	2026 $	**2025 $**
Current tax expense		
- Current tax	-	-
- Deferred tax	121,876	100,060
	121,876	100,060

b) Reconciliation of income tax to accounting profit:

	2026 $	2025 $
Profit/(loss) before income tax expense	346,658	(1,256,895
Tax at the statutory tax rate of 25% (2025: 25%)	86,665	(314,224)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
- Share options expensed during year	16,822	81,453
- non-deductible expenses	55,793	-
- profit on disposal of subsidiary	(84,460)	-
- unrecognised losses	169,559	418,484
- previously unrecognised tax losses recouped to reduce current tax	(33,685)	(46,032)
- differences in overseas tax rates (UK operations: 19%)	(10,637)	(14,537)
- non-assessable income	(16,097)	(25,084)
- under provision of previous year	(62,084)	-
Income tax expense	121,876	100,060

Note 10. Cash and Cash Equivalents

	2026 $	2025 $
Cash at bank	111,623	2,732,604

Reconciliation to the statement of cashflows:

	2026 $	2025 $
Cash at bank	111,623	2,732,604
Classified as assets of disposal group held for sale	2,676,273	-
Cash and Cash Equivalents per statement of cashflows	2,787,896	

Note 11. Assets and Liabilities Classified as Held for Sale

On 15 June 2026, XPON executed a binding Share Sale Deed to divest 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. The transaction is expected to complete within 12 months of the balance date. 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.

Major Classes of Assets and Liabilities Classified as Held for Sale:

Major Classes of Assets and Liabilities Classified as Held for Sale	Note	30-Jun-26
		$
Cash and Cash Equivalents		2,676,274
Trade and Other Receivables		5,204,830
Prepayments		13,963
Contract Assets		73,132
Other assets - Non-current		10,364
Property, plant and equipment		2,489
Intangible Assets and Goodwill		1,266,129
Total Assets Classified as Held for Sale		**9,247,181**
Trade and Other Payables		(7,770,763)
Employees benefit		(224,018)
Contract liabilities		(1,882,391)
Employee benefits - Non-current		(170,246)
Total Liabilities Directly Associated with Assets of disposal group held for sale		**(10,047,418)**
Net Assets Classified as Held for Sale		**(800,237)**

At 30 June 2026, the carrying amount of Datisan's net assets was compared against its estimated fair value less costs to sell based on the agreed terms of the Share Sale Deed. No impairment loss was recognized as the fair value less costs to sell exceeded the carrying amount.

Note 12. Trade and Other Receivables

	2026 $	2025 $
Trade receivables	27,730	4,128,837
Other receivables	-	7,334
Less: Allowance for expected credit losses	-	(112,707)
Total current trade and other receivables	27,730	4,023,464

The carrying value of trade and other 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 carrying value of each class of receivable in the financial statements.

(a) Impairment of trade receivables

The detail of the loss allowance provision as at 30 June 2026 is included at note 22.

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 30 June 2026 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. Additional details on the provision matrix and expected credit loss provision are provided in note 22.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings or when the trade receivables are over 1 year past due, whichever occurs first.

(b) Collateral held as security

The Group does not hold any collateral over any receivables balances.

Note 13. Contract Assets and Contract Liabilities

(a) Contract assets

	2026 $	2025 $
Project services	-	73,132

The contract assets balance represents where the Group has provided services ahead of the agreed payment schedules for customer service contracts.
The movement of contract assets during the year is as below:

	2026 $	2025 $
Opening balance	73,132	125,714
Addition	-	73,132
Transfer to trade receivables	-	(125,714)
Transfer to Assets of disposal group held for sale	(73,132)	-
Ending balance	-	73,132

(b) Contract liabilities

	2026 $	2025 $
Licenses	-	1,714,313
Managed services	-	51,188
Project services	-	105,732
	-	1,871,233

The movement of contract liabilities during the year were as below:

	2026 $	2025 $
Opening balance	1,871,233	1,653,323
Additions	6,121,889	6,125,013
Additions through business combination (note 5)	-	260,668
Recognized as revenue	(6,024,858)	(6,167,771)
Derecognition due to disposal of subsidiary (note 6)	(85,873)	-
Transfer to Liabilities directly related to held for sale assets (note 11)	(1,882,391)	
Ending balance	-	1,871,233

The balance of contract liabilities at the beginning of the period was fully recognised as revenue during the year due to the short-term nature and performance obligation satisfied.

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

The breakdown of contract liabilities is classified as Liabilities directly related to held for sale assets is as follows:

	2026 $
Licenses	1,750,020
Managed services	17,806
Project services	114,565
	1,882,391

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period and is expected to be recognized as revenue in future periods as follows:

	2026 $	2025 $
Within 6 months	1,313,385	1,286,781
6 to 12 months	569,006	584,452
	1,882,391	**1,871,233**

Notes to the Financial Statements (continued)

Note 14. Intangible Assets

	2026 $	2025 $
Goodwill - at cost	-	2,127,630
Patents, Trademarks and other intangibles - at cost	40,540	57,769
Patents, Trademarks and other intangibles - Accumulated amortisation	(12,542)	(12,542)
Net carrying value	**27,998**	**45,227**
Software - at cost	-	313,117
Software - Accumulated amortisation	-	(313,117)
Net carrying value	**-**	**-**
Customer contracts - at cost	-	1,891,884
Customer contracts - Accumulated amortisation	-	(274,253)
Net carrying value	**-**	**1,617,631**
Total Intangible assets	**27,998**	**3,790,488**

Notes to the Financial Statements (continued)

Reconciliation of written down values of intangible assets for the current and previous financial year is set out below:

	Patents, Trademarks and other intangibles $	Customer Contracts $	Goodwill $	Software $	**Total $**
Year ended 30 June 2026					
Balance at the beginning of the year	45,227	1,617,631	2,127,630	-	3,790,488
Addition due to business combination (note 5)	-	-	213,668	-	213,668
Amortisation	-	(331,293)	-	-	(331,293)
Derecognition due to disposal of subsidiary (note 6)	(17,229)	(1,181,180)	(1,180,327)	-	(2,378,736)
Transfer to Assets of disposal group held for sale (note 11)	-	(105,158)	(1,160,971)	-	(1,266,129)
Balance at the end of the year	**27,998**	**-**	**-**	**-**	**27,998**

	Patents, Trademarks and other intangibles $	Customer Contracts $	Goodwill $	Software $	**Total $**
Year ended 30 June 2025					
Balance at the beginning of the year	27,997	214,862	1,160,970	2,974	1,406,803
Addition due to business combination (note 5)	17,230	1,507,884	966,660	-	2,491,774
Amortisation	-	(105,115)	-	(2,974)	(108,089)
Balance at the end of the year	**45,227**	**1,617,631**	**2,127,630**	**-**	**3,790,488**

Note 15. Trade and Other Payables

	2026 $	**2025 $**
Trade payables	72,408	5,807,536
Accruals and other payables	392,483	1,127,674
GST payable	22,261	188,996
Total Trade and Other Payables	**487,152**	**7,124,206**

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. 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.

Note 16. Borrowings

	2026 $	2025 $
CURRENT		
Loans payable - Convertible Notes[1]	-	1,433,974
Vendor loan[2]	-	620,064
Short-term loan[3]	800,000	-
Total	**800,000**	**2,054,038**
NON CURRENT		
Vendor loan[2]	-	1,361,536

[1] 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 notes were fully settled in cash during the financial year end 30 June 2026.

[2]Vendor loan

As announced on 5 May 2025, Xpon acquired 100% of the ordinary shares of Alpha Digital partly via a vendor loan arrangement. The vendor (Coopers Shield Pty Ltd as trustee for Cooper Family Trust) has agreed that part of the consideration, amounting to $2,005,488, will be paid over a period of three years (Vendor Loan). Matthew Copper is a director and controller of Coopers Shield Pty Ltd, and a beneficiary of the Cooper Family Trust. XPON will pay the $2,005,488 plus interest at 8% per annum accrued by way of 36 monthly repayments. The final payment is 1 May 2028. XPON may elect to repay the Vendor Loan early. The Vendor Loan is secured by the shares in Alpha Digital. The material default provisions are a payment default or an insolvency event.

The disposal of Alpha Digital included the forgiveness of the vendor loan as part of the agreed consideration.

[3]Short term loan

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 loan facility includes $300,000 provided by Konda Corp Pty Ltd - an entity associated with Matt Forman. Refer to note 30 for further details.

Defaults and breaches

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

Note 17. Employees benefit

	2026 $	2025 $
Current liabilities		
Provision for employee benefits	141,212	627,687
Non-current liabilities		
Provision for employee benefits	28,717	195,445

Note 18. Leases

The leases of the Group contain one office space and computer equipment, with lease terms of 5 years and 3 years respectively, which were contracted through Alpha Digital. The corporate office leases contain annual pricing mechanism based on CPI movements at each anniversary of the lease inception. Given the disposal of Alpha Digital, the right-of-use assets and lease liabilities have been fully derecognized accordingly.

Right-of-use assets

	Office Leases $	Computer equipment $	Total $
Year ended 30 June 2026			
Balance at beginning of year	751,369	60,206	811,575
Lease termination	(729,059)	-	(729,059)
Additions	958,013	-	958,013
Lease amortisation	(174,955)	(25,272)	(200,227)
Assets derecognised on disposal of business	(805,368)	(34,934)	(840,302)
Balance at end of year	-	-	-

Lease liabilities

	2026 $	2025 $
Lease liabilities – current	-	215,569
Lease liabilities – non-current	-	602,718
Total	**-**	**818,287**

Note 19. Issued Capital

	2026 $	2025 $
492,856,353 Ordinary Shares (30 June 2025: 414,253,220)	24,480,991	23,757,183
Share issue costs (net of deferred tax)	(788,463)	(788,463)
Total	**23,692,528**	**22,968,720**

(a) Ordinary Shares

	2026 $	2026 No.
At the beginning of the reporting period	22,968,720	414,253,220
Shares issued during the year - Ordinary Shares		
24 September 2025 (53,125,000 fully paid ordinary at $0.008)	425,000	53,125,000
25,478,133 Performance Rights exercised	298,808	25,478,133
	23,692,528	**492,856,353**

	2025 $	2025 No.
At the beginning of the reporting period	22,630,147	362,441,495
Shares issued during the year - Ordinary Shares		
9 May 2025 (21,000,000) – Convertible Notes warrants exercised	158,573	21,000,000
5 May 2025 - 30,811,725 fully paid ordinary to Alpha's Founder in consideration for the purchase of Alpha Digital	180,000	30,811,725
	22,968,720	**414,253,220**

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.

The Company does not have authorised capital or par value in respect of its Shares.

(b) Capital Management

The key objectives of the Company when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. The Company defines capital as its equity and net debt.

There has been no change to capital risk management policies during the year.

The Company manages its capital structure and makes funding decisions based on the prevailing economic environment and has a number of tools available to manage capital risk.

The Board monitors a range of financial metrics including return on capital employed and gearing ratios.

Note 20. 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.

	2026 $	2025 $
Foreign currency translation reserve	(22,444)	(43,850)

b) General reserve

The general reserve records equity component of convertible notes issued.

	2026 $	2025 $
General reserve	**42,961**	**42,961**

(c) Share based payment reserve

This reserve records the cumulative value of employee service received for the issue of Share based payment instruments. When the instrument is exercised the amount in the Share based payment reserve is transferred to Share capital.

	2026 $	2025 $
Employee Option reserve		
Opening balance	2,250,346	1,924,535
Share based payment expense	67,288	325,811
Performance Rights exercised	(298,808)	-
Total Employee Option reserve	**2,018,826**	**2,250,346**

Note 21. Contracted Commitments

No contracted commitments exist as at 30 June 2026 (30 June 2025: Nil).

Note 22. Financial Risk Management

The Group is exposed to a variety of financial risks through its use of financial instruments.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Group is exposed to are described below:

- Liquidity risk
- Credit risk
- Market risk
- Currency risk

Risk management is carried out by senior finance Executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Financial instruments

The principal categories of financial instrument used by the Group are:

- Trade receivables
- Cash at bank
- Trade and other payables
- Borrowings

Objectives, policies and processes

The Board of Directors have overall responsibility for the establishment of the Group's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, liquidity risk and credit risk.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The day-to-day risk management is carried out by the Group's finance function under policies and objectives which have been approved by the Board of Directors and overseen by the Audit and Risk Management Committee. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate and foreign exchange movements.

The Board of Directors receives monthly reports which provide details of the effectiveness of the processes and policies in place.

Mitigation strategies for specific risks faced are described below:

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Group maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position.

Notes to the Financial Statements (continued)

The table below reflects the undiscounted contractual maturity analysis for financial liabilities.

Financial liability maturity analysis - Non-derivative

	Weighted average interest rate		Less than 6 months		6 to 12 months		1 to 5 years		Total	
	2026	2025	2026 $	2025 $	2026 $	2025 $	2026 $	2025 $	2026 $	2025 $
Financial liabilities due for payment										
Trade payables			464,890	6,935,210	-	-	-	-	464,890	6,935,210
Trade payables directly related to held for sale assets			7,770,762	-	-	-	-	-	7,770,762	-
GST payable			22,261	188,996	-	-	-	-	22,261	188,996
Borrowings	14%	12%	800,000	2,008,318	-	377,068	-	1,445,428	800,000	3,830,815
Lease liabilities	-	8%	-	136,030	-	136,030	-	629,819	-	901,879
			9,057,913	**9,268,554**	**-**	**513,098**	**-**	**2,075,247**	**9,057,913**	**11,856,900**

Liquidity risk

The timing of expected outflows is not expected to be materially different from contracted cashflows. The borrowings are expected to be settled according to payment schedule.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to outstanding receivables.

The credit risk for liquid funds and other short-term financial assets is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

Trade receivables and contract assets

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables and contract assets.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group review includes external ratings, if they are available, financial statements, credit agency information and industry information. Credit limits are established for each customer and the utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepaid basis until creditworthiness can be re-established.

The Board receives monthly reports summarising the trade receivables balance and ageing profile of each of the customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which the customers operate.

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

On a geographical basis, the Group has significant credit risk exposures in Australia and the United Kingdom given the location of its operations in those regions.

Credit Risk - Trade and Other Receivables
As at 30 June 2026, the maximum exposure to credit risk for trade and other receivables (including contract assets) by geographic region was as follows:

	2026 $	2025 $
United Kingdom	27,729	51,562
Australia	5,204,830	4,045,034
Total	**5,232,559**	**4,096,596**

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables and contract assets. 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 of sales over a period of 3 years before 30 June 2026 and the corresponding historical credit losses experienced within this period.

On that basis, the ageing analysis and loss allowance of receivables is as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2026 $	2025 $	2026 $	2025 $	2026 $	2025 $
Not overdue	0%	0%	5,179,601	2,926,584	-	-
1-30 days overdue	0%	0%	51,752	1,084,139	-	-
31-90 days overdue	0%	90%	1,205	125,448	-	112,707
			5,232,558	**4,136,171**	**-**	**112,707**

	2026 $	2025 $
Opening balance	112,707	50,957
Additional provisions recognised	-	61,750
Reversal	(112,707)	-
Closing balance	**-**	**112,707**

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in Pounds or US dollars.

Generally, the Group's risk management procedures distinguish short-term foreign currency cash flows (due within 6 months) from longer-term cash flows. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

Major foreign currency denominated financial assets and liabilities, translated into Australian Dollars at the closing rate, are as follows:

	AUD $	GBP $	USD $	NZD $	Total AUD $
2026					
Nominal amounts					
Cash and cash equivalents	1,988,205	4,087	261,885	533,719	2,787,896
Trade and other receivables and contract assets	3,704,130	27,730	898,738	675,093	5,305,691
Trade and other payables	(6,569,055)	(23,172)	(322,015)	(1,343,671)	(8,257,913)
Short-term exposure	**(876,720)**	**8,645**	**838,608**	**(134,859)**	**(164,326)**
2025					
Nominal amounts					
Cash and cash equivalents	1,976,250	116,985	402,997	236,372	2,732,604
Trade and other receivables and contract assets	3,166,466	51,562	601,531	277,037	4,096,596
Trade and other payables	(6,211,469)	(46,493)	(318,926)	(547,318)	(7,124,206)
Short-term exposure	**(1,068,753)**	**122,054**	**685,602**	**(33,909)**	**(295,006)**

Market risk - Foreign currency sensitivity table

The following table illustrates the sensitivity of the net result for the year and equity in regards to the Group's financial assets and financial liabilities and the GBP – Australian Dollar exchange rate and USD – Australian Dollar exchange rate. There have been no changes in the assumptions calculating this sensitivity from prior years.

The +/- percentages have been determined based on the average market volatility in exchange rates in the previous 12 months.

Notes to the Financial Statements (continued)

The sensitivity analysis is based on the foreign currency financial instruments held at the reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

	2026		2025	
GBP	**11%**	**-11%**	**12%**	**-12%**
Net results	19,610	(19,610)	28,441	(28,441)
Equity	(19,610)	19,610	(28,441)	28,441
USD	12%	-12%	+14%	-14%
Net results	153,904	(153,904)	339,016	(339,016)
Equity	(153,904)	153,904	(339,016)	339,016
NZD	12%	-12%	+4%	-4%
Net results	(2,562)	2,562	29,657	(29,657)
Equity	2,562	(2,562)	(29,657)	29,657

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

Note 23. Tax assets and liabilities

(a) Deferred Tax Assets

	Opening Balance $	Charged to Profit or Loss $	Decrease due to Alpha divestment $	Closing Balance $
Deferred tax assets				
Provisions - employee benefits	226,938	2,618	(70,058)	159,498
Accruals	95,423	(6,786)	(2,850)	85,787
Provisions for Onerous contracts	30,684	-	-	30,684
Share/convertible notes issued costs	154,563	(144,436)	-	10,127
Convertible Notes	58,082	(37,903)	-	20,179
Others	8,145	(6,334)	12,783	14,594
Deferred Tax Liabilities Offset	(405,365)	70,965	295,295	(39,105)
Balance at 30 June	**168,470**	**(121,876)**	**235,170**	**281,764**

(b) Deferred Tax Liabilities

	Opening Balance $	Charged to Profit or Loss $	Decrease due to Alpha divestment $	Closing Balance $
Deferred tax liabilities				
Depreciation	957	4,943	-	5,900
Customer Lists	404,408	(82,824)	(295,295)	26,289
Others	-	6,916	-	6,916
Deferred Tax Assets Offset	(405,365)	70,965	295,295	(39,105)
Balance at 30 June	**-**	**-**	**-**	**-**

(c) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following:

	2026 $	2025 $
Tax losses	4,660,730	4,501,710

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therein.

Note 24. Share based payments

Share based payment expense recognised during the year is disclosed below and included within the 'Employee benefits expense' category within the consolidated statement of profit or loss and other comprehensive income.

Share based payment expense recognised during the year:	2026 $	2025 $
Share Options issued to employees	-	12,584
Performance Rights issued to employees	67,289	313,227
Total Share based payment expense	**67,289**	**325,811**

(a) Employee Options

The Group implemented a Share option plan in June 2020, which was replaced in November 2021 by the Omnibus Incentive Plan (OIP), under which Directors and key employees identified by the Board were offered participation.

Options awarded are subject to the satisfaction of service-based conditions and/or performance hurdles which, when satisfied, will allow participants to receive Shares or vested Options or Rights which are exercisable over Shares.

There were nil (30 June 2025: nil) Options issued under the Employee Incentive Share Plan (EISP) during the year. No Options have exercised or lapsed during the current and comparative financial year. The unlisted Options outstanding as at 30 June 2026 and their movement during the year were as follows:

Grant Date	Vesting Date	Exercise price	At the beginning of the reporting period	Forfeited / Expired during the year	Closing balance at 30 June 2026
30-Jun-20	01-Jul-23	$0.11	15,879,305	-	15,879,305
01-Jul-21	01-Jul-23	$0.11	3,972,220	-	3,972,220
31-May-21	31-May-24	$0.13	461,540	-	461,540
12-Jun-21	01-Jul-24	$0.13	461,540	-	461,540
27-Sep-21	12-Oct-24	$0.20	1,500,000	-	1,500,000
08-Nov-21	08-Nov-24	$0.20	375,000	-	375,000
			22,649,605	**-**	**22,649,605**

The unlisted Options above were vested and were exercisable as at 30 June 2026.

	2026 Years	2025 Years
Weighted average remaining contractual life of options outstanding at end of period:	4.22	5.2

Notes to the Financial Statements (continued)

Valuation Model –unlisted Options

The participant Options vest only upon the meeting of the service commitment with the company over the vesting period and incentive hurdles where applicable. A summary of the vesting conditions are:

Grant Date	With performance conditions	Without performance target	Vesting Conditions	Balance of Options Granted
30-Jun-20	-	6,087,635	Three year service period	6,087,635
30-Jun-20	-	2,083,335	Three year service period	2,083,335
30-Jun-20	250,000	2,500,000	i) 125,000 Options vest based on achieving a minimum of $2 million ARR consecutively for 12 months. ii) 125,000 Options vest based on achieving a minimum of $3 million ARR consecutively for 12 months.	2,750,000
30-Jun-20	125,000	2,083,335	i) 62,500 Options vest based on achieving a minimum of $2 million of Wondaris ARR consecutively for 12 months. ii) 62,500 Options vest based on achieving a minimum of $3 million of Wondaris ARR consecutively for 12 months.	2,208,335
30-Jun-20	125,000	2,625,000	i) 62,500 Options vest based on achieving a minimum of $5 million of Total ARR consecutively for 12 months. ii) 62,500 Options vest based on achieving a minimum of $2 million of Holoscribe Software License ARR consecutively for 12 months.	2,750,000
31-May-21	-	461,540	Service period	461,540
12-Jun-21	-	461,540	Service period	461,540
01-Jul-21	500,000	3,472,220	i) 250,000 Options vest based on achieving a minimum of $10 million of ARR consecutively for 12 months. ii) 250,000 Options vest based on achieving a minimum of $15 million of ARR consecutively for 12 months.	3,972,220
27-Sep-21	-	1,500,000	Service Period	1,500,000
08-Nov-21	-	375,000	No performance conditions	375,000
	1,000,000	**21,649,605**		**22,649,605**

No options were granted during the financial year ended 30 June 2026.

(b) Performance Rights

There were 17,078,135 Performance Rights issued to Non-Executive Directives and key employees under the EISP during the year ended 30 June 2026.

Notes to the Financial Statements (continued)

The Board has determined that the Performance Rights value is equal to the share price at grant date. A summary of the Performance Rights and vesting conditions are as follows:

Grant Date	Vesting Conditions	Number of Performance Rights Granted	Exercise price	Fair value of each Performance Right at grant date	Vested / Exercised during the year	Balance at end of the year
04-Sep-25	Vesting immediately	1,778,135	Nil	$0.008	1,778,135	-
04-Sep-25	Vesting each 6 months over six consecutive tranches for each service period	15,000,000	Nil	$0.008	2,500,000	12,500,000
19-Sep-25	Vesting immediately	300,000	Nil	$0.008	300,000	-
		17,078,135			**4,578,135**	**12,500,000**

Note 25. Key Management Personnel ("KMP") Remuneration

KMP remuneration included within employee expenses for the year is shown below:

	2026 $	2025 $
Short-term employee benefits	1,016,442	691,544
Post-employment benefits	38,091	57,762
Long-term employment benefits	14,904	73,154
Share-based payments	47,558	96,756
Total KMP Remuneration	**1,116,994**	**919,216**

Note 26. Auditors' Remuneration

	2026 $	2025 $
Remuneration of the auditor, for:		
– audit and review of financial statements	98,000	110,500
Remuneration for other services, RSM Australia Pty Ltd, for:		
– taxation compliance services	71,000	47,650
Remuneration for other services, RSM Australia Pty Ltd, for:		
– due diligence services	10,000	-
Total	**179,000**	**158,150**

Note 27. Earning/(loss) per Share

	2026 $	2025 $
Profit/(loss) after income tax	224,782	(1,356,955)
	Number	**Number**
Weighted average number of Ordinary Shares used in calculating basic loss per Share	476,859,733	369,843,170
Weighted average number of Ordinary Shares used in calculating diluted loss per Share	497,460,923	369,843,170
	Cents	**Cents**
Basic earning/(loss) per Share	0.047	(0.37)
Diluted earning/(loss) per Share	0.045	(0.37)

Share Options and performance rights are considered to be potential Ordinary Shares. However, Share Options were anti - dilutive for the financial year ended 30 June 2026 (22,649,605) as their exercise price exceeded the average market price of ordinary shares during the period and have been excluded from the calculation of diluted earnings per share for the year.

For the financial year ended 30 June 2025, both performance rights and Share Options were anti - dilutive due to the net loss incurred. Consequently, they were excluded from the calculation of diluted earnings per share.

These performance rights and Share options but could potentially dilute basic earnings per share in the future.

Note 28. Interests in subsidiaries

Composition of the Group

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**2026 %**	**2025 %**
Maverick Data Group Pty Ltd	Australia	100.00%	100.00%
Datisan Pty Ltd	Australia	100.00%	100.00%
Wondaris Pty Ltd	Australia	100.00%	100.00%
Alpha Digital Design Consultants (Aust) Pty Ltd	Australia	0.00%	100.00%
XPON Technologies Limited	United Kingdom	100.00%	100.00%
The Representative Office of XPON Technologies Group Limited in Hanoi City	Vietnam	100.00%	100.00%

The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

Note 29. Contingencies

In the opinion of the Directors, the Group did not have any contingencies at 30 June 2026 (30 June 2025: None).

Note 30. Related party

(a) The Group's main related parties are as follows:

The ultimate parent entity, which exercises control over the Group, is XPON Technologies Group Limited which is incorporated in Australia.

Remuneration of KMP - refer to note 25.

Subsidiaries - refer to note 28.

Other related parties include close family members of KMP and entities that are controlled or significantly influenced by those KMP or their close family members.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	2026 $	2025 $
KMP related parties		
Remuneration of a person related to Matt Forman	164,797	164,061
Consulting fees to a related entity controlled by a Rebecca He, key management personnel	-	67,000
Loan with Konda Corp Pty Ltd, a related entity of Matt Forman	300,000	-
	464,797	**231,061**

Notes to the Financial Statements (continued)

Note 31. Cash Flow Information

(a) Reconciliation of loss after income tax benefit to net cash from operating activities

	2026 $	2025 $
Profit/(loss) after income tax benefit for the year	224,782	(1,356,955)
Adjustments for:		
Depreciation and amortisation	540,087	162,982
Share-based payments	67,289	325,811
Gain on disposal of subsidiary	(337,838)	-
Changes in fair value of financial liabilities	(3,879)	(374,127)
Finance income/(costs) (net)	(3,436)	685,283
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(1,658,058)	954,872
Decrease in deferred tax assets	121,876	100,060
Increase/(decrease) in trade and other payables	2,429,750	(1,968,884)
Increase/(decrease) in other provisions	4,525	(178,893)
Increase/(decrease) in other liabilities	54,608	(11,485)
Net cash from/(used in) operating activities	**1,439,706**	**(1,661,336)**

b) Net debt reconciliation

			Convertibles Notes			
	Borrowings	Leases	Equity	Derivative financial Liabilities - Warrants	Borrowings - Host debt liability	Total
Net debt as at 30 June 2024	**-**	**-**	**(42,961)**	**(58,185)**	**(1,044,741)**	**(1,145,887)**
Addition due to the acquisition of Alpha	(2,005,485)					(2,005,485)
Addition liabilities		(852,379)				(852,379)
Financing cash outflows	23,887	34,092				57,979
Convertible Notes warrants exercised	-			54,306		54,306
Interest expenses	-	(11,252)			(946,172)	(957,424)
Interest payments (presented as operating cash flows)	-	11,252			182,810	194,062
Changes in fair value of financial liabilities	-				374,127	374,127
Net debt as at 30 June 2025	**(1,981,598)**	**(818,287)**	**(42,961)**	**(3,879)**	**(1,433,976)**	**(4,280,701)**
Addition liabilities	(800,000)	(946,500)				(1,746,500)
Lease termination	-	702,131				702,131
Financing cash outflows	579,906	203,463			1,575,000	2,358,369
Convertible Notes warrants expired	-	-		3,879		3,879
Interest expenses	-	(79,243)			(197,275)	(276,518)
Interest payments (presented as operating cash flows)	-	79,243			56,249	135,492
Derecognition due to disposal of subsidiary	1,401,694	859,193				2,260,887
Net debt as at 30 June 2026	**(800,000)**	**-**	**(42,961)**	**-**	**-**	**(842,961)**

Note 32. Events Occurring After the Reporting Date

Subsequent to 30 June 2026, the Company has continued to progress the proposed sale of Datisan Pty Ltd to Incubeta Australia Pty Ltd in accordance with the Share Sale Deed announced on 15 June 2026. Completion of the transaction remains subject to the satisfaction of customary conditions precedent, including shareholder and regulatory approvals where required.

No other matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 33. Parent entity information

The following information has been extracted from the books and records of the parent, XPON Technologies Group Limited and has been prepared in accordance with Australian Accounting Standards.

The financial information for the parent entity, XPON Technologies Group Limited has been prepared on the same basis as the financial statements except as disclosed below.

	2026 $	2025 $
Statement of Financial Position		
Assets		
Current assets	121,804	2,465,954
Non-current assets	2,467,419	3,681,485
Total Assets	**2,589,223**	**6,147,439**
Liabilities		
Current liabilities	1,742,627	2,349,959
Non-current liabilities	28,717	1,795,596
	1,771,344	**4,145,555**
Equity		
Issued capital	23,692,528	22,968,720
Accumulated losses	(24,964,747)	(23,008,122)
Reserves	2,090,099	2,041,287
Total equity	**817,880**	**2,001,884**
Statement of Profit or Loss and Other Comprehensive Income		
Total loss for the year	**(1,956,625)**	**(1,809,386)**

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of the parent entity.

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2026 or 30 June 2025.

Note 34. Segment Reporting

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 35. Statutory Information

The registered office and principal place of business of the company is:

XPON Technologies Group Limited
Office 02 -115/310 Edward St,
Brisbane City, QLD, 4000

Consolidated entity disclosure statement

30 June 2026

Name of entity	Type of entity	Trustee, partner or participant in JV	% of share capital held	Country of incorporation	Australian resident or foreign resident (for tax purposes)	Foreign tax jurisdiction(s) of foreign residents
XPON Technologies Group Limited	Body corporate	-	100%	Australia	Australian	n/a
Maverick Data Group Pty Ltd	Body corporate	-	100%	Australia	Australian	n/a
Datisan Pty Ltd	Body corporate	-	100%	Australia	Australian	n/a
Wondaris Pty Ltd	Body corporate	-	100%	Australia	Australian	n/a
XPON Technologies Limited	Body corporate	-	100%	United Kingdom	Foreign	United Kingdom
The Representative Office of XPON Technologies Group Limited in Hanoi City [1]	n/a	-	n/a	n/a	n/a	n/a

1. The Representative Office of XPON Technologies Group Limited in Hanoi City is not considered a body corporate and is an extension of the parent company XPON Technologies Group Limited.

Basis of Preparation

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the Corporations Act 2001. It includes certain information for each entity that was part of the consolidated entity at the end of the financial year.

Determination of Tax Residency

Section 295 (3A) of the Corporation Acts 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency

Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in determining tax residency and ensure compliance with applicable foreign tax legislation.

Partnerships and Trusts

Australian tax law does not contain specific residency tests for partnerships and trusts. Generally, these entities are taxed on a flow-through basis, so there is no need for a general residence test. Some provisions treat trusts as residents for certain purposes, but this does not mean the trust itself is an entity that is subject to tax.

Additional disclosures on the tax status of partnerships and trusts have been provided where relevant.

Directors' Declaration

30 June 2026

The Directors of the Company declare that:

1. The financial statements and notes for the year ended 30 June 2026 are in accordance with the Corporations Act 2001 and:

    - comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

    - give a true and fair view of the financial position and performance of the consolidated group;

2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. The consolidated entity disclosure statement is true and correct.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors.

Mark Simari
Executive Chair

24 August 2026

RSM Australia Partners

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

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of XPON Technologies Group Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2026 and of its financial performance for the year then ended; and
(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the APES 110 C*ode of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (the Code) that are relevant to our audit of the financial report of public interest entities 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 3 in the financial report, which indicates that as at 30 June 2026, the Group's current liabilities exceeded its current assets by $2,194,509 and the Group had net liabilities of $1,909,652. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed this matter
Recognition of Revenue Refer to Note 7 in the financial statements	
Revenue recognition was considered a key audit matter due to the significance of revenue to the Group and the judgement required in applying AASB 15 *Revenue from Contracts with Customers.* XPON generates revenue from software licences, managed services, usage-based arrangements and project services. These revenue streams have differing contractual terms and recognition methodologies. Significant judgement is required in determining the timing of revenue recognition, assessing satisfaction of performance obligations, determining whether revenue should be recognised over time or at a point in time, and assessing whether XPON acts as principal or agent in certain arrangements. There is a risk that revenue and deferred revenue may not be recognised in the appropriate period or in accordance with the requirements of AASB 15.	Our audit procedures in relation to the recognition of revenue included: • Obtaining an understanding of the Group's revenue recognition policies and assessed their compliance with AASB 15; • Assessing whether XPON acted as principal or agent for significant revenue streams and the resulting gross or net presentation of revenue; • Testing a sample of revenue transactions to supporting documentation including customer contracts and evidence of service delivery; • Performing cut-off testing around the year end; • Reviewing the completeness and accuracy of deferred revenue balances; and • Assessing the adequacy of the related financial statement disclosures.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed this matter
Disposal of subsidiaries Refer to Note 6 in the financial statements	
The Group completed the sale of Alpha Digital Design Consultants (Aust) Pty Ltd (“Alpha”) on 31 May 2026 and entered into a Share Sale Deed for the disposal of Datisan Pty Ltd (“Datisan”), which was classified as a disposal group held for sale as at 30 June 2026. As at 30 June 2026, the Datisan transaction remains subject to completion conditions. The accounting for these transactions required significant management judgement in applying the requirements of AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* (‘AASB 5’) Key areas of judgement included assessing whether the disposal groups met the criteria for classification as held for sale, determining whether Alpha and Datisan qualified as discontinued operations, identifying the assets and liabilities to be included in the disposal groups, and assessing the adequacy of the related disclosures in the financial statements. This matter was considered a key audit matter due to the significance of the transactions to the Group's financial position and performance, and the judgement involved in applying the requirements of AASB 5.	Our audit procedures in relation to the sale of subsidiaries included: • Reviewing the share sale agreements and other associated documents to understand the nature and terms of the Alpha disposal and the proposed sale of Datisan; • Assessing management's application of AASB 5, including whether the disposal group relating to Datisan met the criteria for classification as held for sale at 30 June 2026; • Evaluating management's assessment that Alpha and Datisan did not meet the definition of a discontinued operation, including consideration of the Group's cash-generating units and operating segments; • Assessing the accuracy and completeness of the assets and liabilities classified as held for sale and agreeing balances to supporting financial records; • Reviewing the accounting treatment applied to the disposal of Alpha, including the recognition of the gain on disposal and the treatment of balances extinguished as part of the transaction; and • Reviewing the completeness and accuracy of the disclosures relating to the disposal transactions, assets and liabilities held for sale, and discontinued operations included in the financial statements.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed this matter
Business Combinations Refer to Note 5 in the financial statements	
In May 2025, the Group acquired 100% of the ordinary shares of Alpha Digital Design Consultants (Aust) Pty Ltd ("Alpha"). During the year ended 30 June 2026, management finalised the purchase price allocation in accordance with the measurement period provisions of AASB 3 *Business Combinations (‘AASB 3’)* As part of this process, the estimated earn-out consideration was reassessed based on updated information relating to facts and circumstances existing at the acquisition date, resulting in an increase in the total consideration transferred and a corresponding increase in goodwill recognised on acquisition. The accounting for the business combinations was considered a key audit matter due to the complexity and significant judgement involved in finalising the acquisition accounting under AASB 3. Key areas of judgement included determining the appropriate measurement of contingent consideration, assessing whether adjustments represented measurement period adjustments under AASB 3, and ensuring the resulting goodwill balance and related disclosures were appropriately recognised and presented in the financial statements.	Our audit procedures included: • Reviewing share purchase agreements and other associated documents to understand the nature of the transaction to ensure the accounting is reflective of the terms of the agreement; • Assessing the accounting treatment and acquisition accounting is in line with AASB 3; • Reviewing the reasonableness of the valuation of contingent consideration, including assessing the forecasts used for determining the contingent consideration; • Assessing the accuracy and completeness of the fair values of the identified assets and liabilities acquired including the resulting adjustment to goodwill; and • Reviewing the completeness and accuracy of the relevant disclosures made in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2026, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

b. the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf. This description forms part of our auditor's report.

RSM

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in of the directors' report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of XPON Technologies Group Limited, for the year ended 30 June 2026, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM

RSM AUSTRALIA PARTNERS

A L Whittingham

A L WHITTINGHAM

Dated: 24 August 2026
Melbourne, Victoria

Shareholder Information

The shareholder information set out below was applicable as at 6 August 2026

There is one class of quoted securities, fully paid ordinary shares.

Ordinary Shareholders

Twenty largest quoted ordinary shareholders

No	Account Name	Units	% Units
1	BLACK OAK VENTURES PTY LTD	104,954,986	21%
2	FINCLEAR SERVICES PTY LTD	55,123,290	11%
3	HSBC CUSTODY NOMINEES	17,790,311	4%
4	ISTABRAQ PTY LIMITED	16,222,905	3%
5	MR GREGORY PETER WILSON	14,000,000	3%
6	MR MARCUS WINTON CALLON	11,075,936	2%
7	DMX CAPITAL PARTNERS LIMITED	10,000,000	2%
8	MR CHRISTOPHER MICHAEL ROZIC	9,823,391	2%
9	MR BENJAMIN PATRICK FOGARTY	9,744,048	2%
10	MISS GE QU	9,000,000	2%
11	MATTHEW JAMES ALLAN DANIELS	8,780,111	2%
12	RAMANPREET SINGH SANDHER &	6,250,000	1%
13	BRETRED PTY LIMITED	5,464,109	1%
14	ROSE ROBERT PTY LTD	4,311,495	1%
15	MS TONG HE	4,278,135	1%
16	MARRACH SUPER PTY LIMITED	3,766,028	1%
17	MR BRENDAN DAVID HUTH	3,708,873	1%
18	SANDHURST TRUSTEES LTD	3,500,000	1%
19	MR EDMOND WING KIN CHEUNG &	3,500,000	1%
20	MR CHRISTOPHER CHARLES HUGHES	3,500,000	1%
	Total: Top 20 holders of ordinary fully paid shares	**304,793,618**	**62%**
	Total Issued Capital	**492,856,353**	**100%**

Distribution of Equitable Securities – Ordinary Shares

Analysis of number of security holders by size of holding

Distribution of Fully Paid Ordinary Shares	Total Holders	Units	% Units
1 to 1,000	18	4,728	0.00%
1,001 to 5,000	43	140,173	0.03%
5,001 to 10,000	67	503,564	0.10%
10,001 to 100,000	318	13,652,664	2.77%
100,001 and over	239	478,555,224	97.10%
	685	**492,856,353**	**100%**

Marketable Parcel

	Minimum Parcel Size	Total Holders	Units
Holding less than a marketable parcel (basis price of $0.011) as at 3 August 2026	45,455	422	488,805,076

Distribution of Equitable Securities - Unlisted Options

Unlisted Options with various vesting dates and exercise prices

	Total Option Holders	Units	% Units
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	-	-	-
100,001 and over	12	23,399,605	100.00%
	12	**23,399,605**	**100.00%**

Distribution of Equitable Securities - Performance Rights

	Total Option Holders	Units	% Units
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	-	-	-
100,001 and over	3	22,833,333	100.00%
	3	**22,833,333**	**100.00%**

Performance Rights were issued under the Employee Incentives Securities Plan on 27 June 2024.

Holders of more than 20% of Unquoted Equity Securities
(excluding Employee Incentive Schemes)

None

Substantial Holders

As at 2 July 2025, the following shareholders have disclosed a substantial shareholder notice to the ASX:

Name of Substantial Shareholders	Units	Date of interest notice
Matthew Arnold Forman	104,288,320	16 Dec 2021

Restricted Securities

There are no restricted securities on issue.

Voting Rights

Ordinary Shares

Each member present at a general meeting of the Company in person or by proxy, attorney or official representative is entitled:

- on a show of hands - to one vote.
- to a poll - to one vote for each share held.

Unlisted Options

Options do not entitle the holders to vote in respect of that equity instrument, nor participate in dividends, if declared until such time as the options are exercised and subsequently registered as ordinary shares.

Performance Rights

Performance Rights do not entitle the holders to vote in respect of that equity instrument, nor participate in dividends, if declared until such time as the performance rights have vested and subsequently registered as ordinary shares.

On-Market Buy-Back

There is currently no on-market buy-back.

Stock Exchange Listing

XPON Technologies Limited is listed on the Australian Stock Exchange Ltd (ASX) under the issuer code XPN.

Other ASX Required Information

The Company has used the cash and assets in a form readily convertible to cash, that it had at the time of admission to the ASX, in a way consistent with its business objectives. This statement is made pursuant to ASX Listing Rule 4.10.19.

Annual General Meeting

The Company advises that the 2026 Annual General Meeting is expected to be held on Monday, 23 November 2026. Further details relating to the meeting and how shareholders may participate will be advised in the Notice of Meeting, which will be made available to all shareholders and lodged with the ASX.

In accordance with the Company's constitution and ASX Listing Rule 3.13.1, the closing date for receipt of nominations of persons to be considered for election as a director at the AGM is 5.00pm (Brisbane Time) on Tuesday, 6 October 2026.

Appendix: 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.
Non Recurring Revenue	revenue realised from the sale of one-off project services, onboarding and implementation fees.
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).

Corporate directory

Directors
Mark Simari - Executive Chair
Matt Forman – Non-Executive Director
James Olsen - Non-Executive Director

Company Secretary
Hasaka Martin
Singleton Co Sec

Registered Office
Office 02 -115/310 Edward St,
Brisbane City, QLD, 4000
Australia
www.xpon.ai

Share Registry
Automic Group
Level 5, 126 Phillip Street
Sydney NSW 2000
www.automicgroup.com.au

Auditors
RSM Australia Partners
Level 27, 120 Collins Street Melbourne VIC 3000
Australia
www.rsm.com.au

Stock Exchange Listings
XPON Technologies Group Limited shares are listed on the Australian Securities Exchange (ASX code: XPN)

Country of Incorporation
XPON Technologies Group Limited is domiciled and incorporated in Australia.

Corporate Governance Statement
The directors and management are committed to conducting the business of XPON Technologies Group Limited in an ethical manner and in accordance with the highest standards of corporate governance.
XPON Technologies Group Limited has adopted and has complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations.
The Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed was approved by the Board of Directors at the same time as the Appendix 4E and Preliminary Final Report.

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