XPON®

XPON Technologies Group Limited

Annual Shareholder Meeting 2022

24 October 2022

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Acknowledgement of Country

We open this gathering by acknowledging the traditional custodians of the land we are meeting on today. We pay our respects to their Elders, past, present and emerging, for they hold the hopes, dreams, traditions and cultures of Aboriginal Australia.
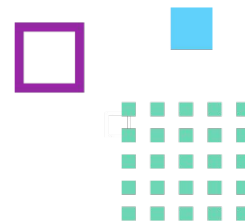
CEO address

Matt Forman - Group MD and CEO

POWERED EXPONENTIALLY

Agenda

- Company overview

- FY22 key highlights

- Q1 FY23 results

- Strategy and outlook

Company overview:
XPON is a Cloud and MarTech company

We help businesses make sense of their customer data,

and use it to unlock exponential growth.

Company snapshot

Share price

Market Capitalisation*	Cash*	Enterprise Value*
$47.1m	**$6.9m**	**$40.2m**

*As at 30 Sep 2022

Established
August 2019

Listed
16 Dec 2021
@20c

Major shareholders

Shareholders	No.	%
Board & management	156,498,856	51.5
Institutions / Retail	147,109,313	48.5
Total	**303,608,169**	**100.0**

Macro business drivers

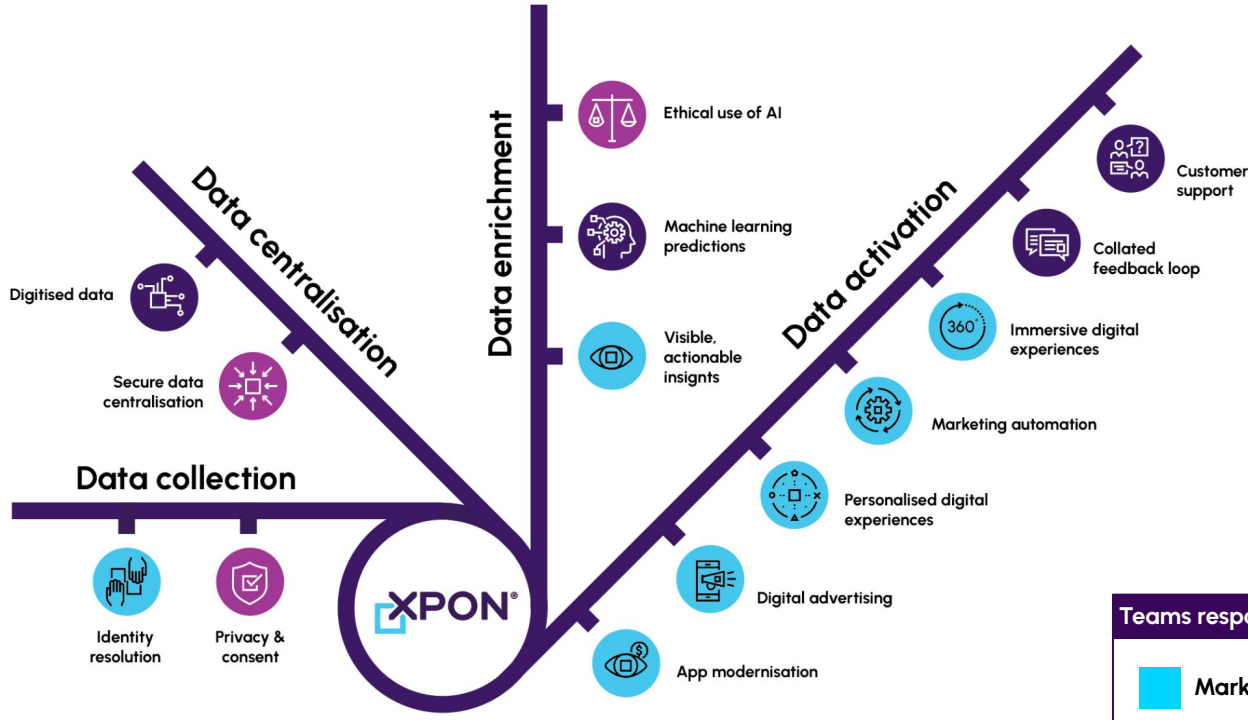**Convergence of trends position XPON for growth, including:**

- the increased data privacy and security regulation by governments;
- the continued degradation of third-party advertising cookies;
- the increased demand for personalised experience by end consumers; and
- an increased awareness and interest around Extended Reality (XR) and the journey to the Metaverse based around XPON's Holoscribe platform
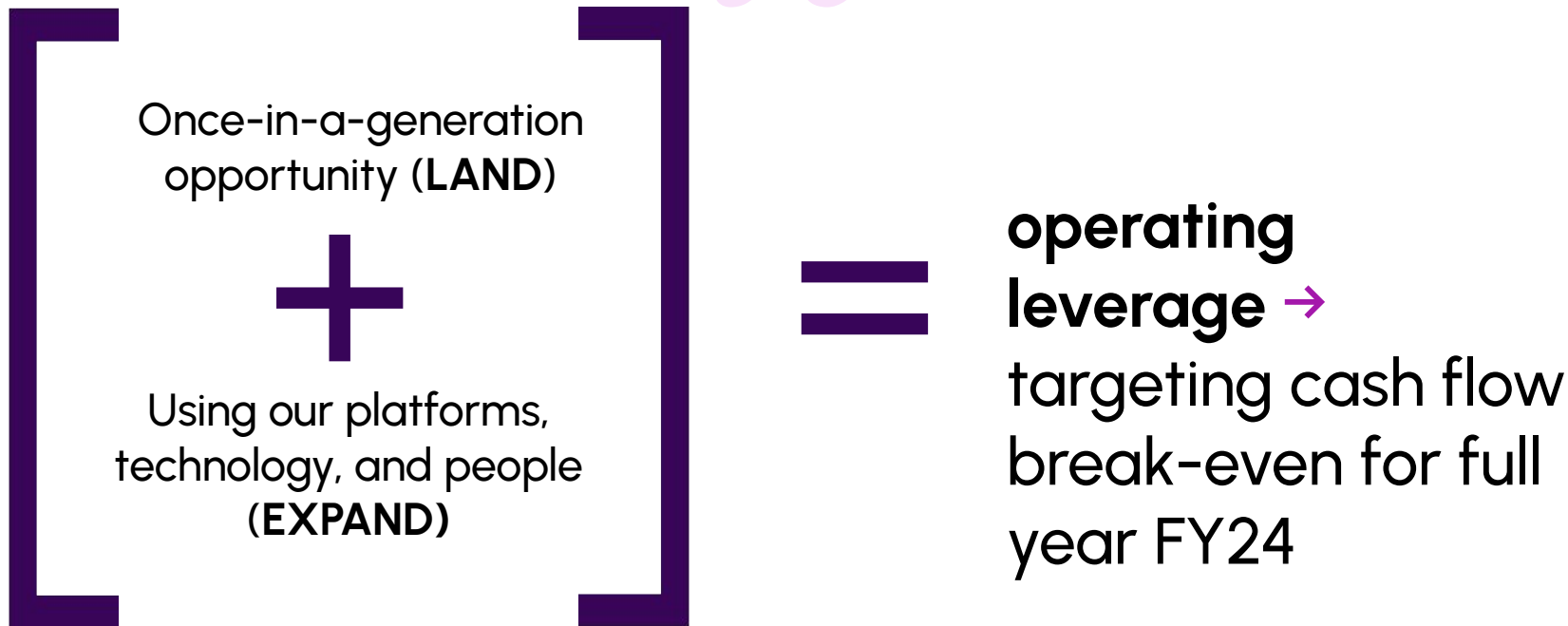
Industry value chain

Data centralisation

Data enrichment

Data activation

Data collection

Digitised data

Secure data centralisation

Identity resolution

Privacy & consent

XPON®

Ethical use of AI

Machine learning predictions

Visible, actionable insignts

App modernisation

Digital advertising

Personalised digital experiences

Marketing automation

Immersive digital experiences

Collated feedback loop

Customer support

XPON serves as a catalyst to break down data silos, so the organisation benefits from a secure, holistic view of their consumer.
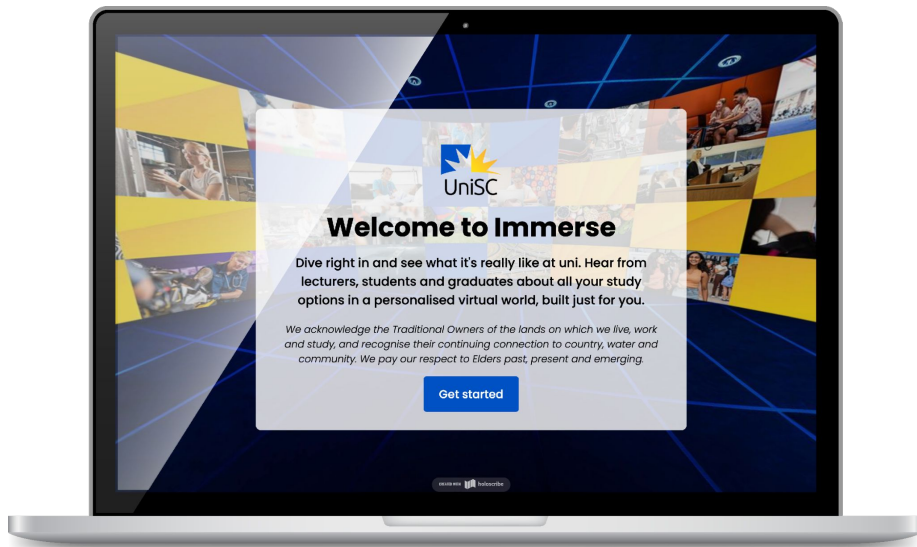
Teams responsible

Marketing	Operations	IT

Formula for sustainable growth

powered by strong unit economics

$$\left[\begin{array}{c} \text{Once-in-a-generation opportunity (LAND)} \\ + \\ \text{Using our platforms, technology, and people (EXPAND)} \end{array} \right] = \text{operating leverage} \rightarrow \text{targeting cash flow break-even for full year FY24}$$

Case Study: University of Sunshine Coast (UniSC)

UniSC

Unable to provide an on-campus recruitment experience during the COVID-19 pandemic, UniSC needed an immersive, highly-personalised way to share its campuses with prospective students.

In its first year, UniSC's Virtual Open Day received more than 10,000 registered attendees, with an

average pages / session uplift of 3.7x*.

By leveraging the combined power of both XPON platforms, UniSC has been able to collect higher quality data in subsequent years, creating incrementally better digital experiences for school leavers, their families, and mature students' decision-making criteria.

https://immerse.usc.edu.au/?f=Piari&s=Anderson&e=piarinia8%40gmail.com&p=4501&d=8&i=0,1,2

Note:
*9.3 pages compared to 2.5 pages /session on static pages of UniSC's website.

wondaris
CUSTOMER DATA PLATFORM

holoscribe

FY22 Key highlights: Key annual metrics

Strong growth in FY22 vs. FY21

$16.4m ↑ 78%[1]
ANNUALISED RECURRING REVENUE (ARR)

$13.3m ↑ 145%
REVENUE

$8.6m ↑ 169%
GROSS PROFIT

64.6% ↑ 6ppt
GROSS PROFIT MARGIN

$8.2m
CASH

93%[2]
RECURRING REVENUE

Note:
1. This operating metric has not been subject to review by auditors.
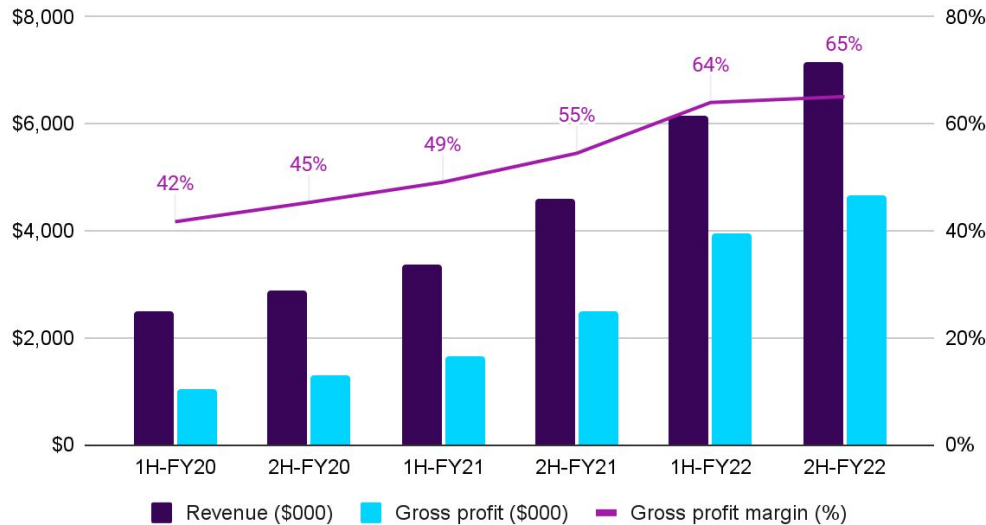2. Recurring revenue % - recurring revenue as a percentage of total revenue for the annual period ended 30 June 2022: (unaudited)

Strong revenue growth and expanding margins[1]

Revenue CAGR[2] of 42%, gross profit CAGR of 65%

Proforma Revenue, Gross Profit and Gross Margin % Trends

- Revenue growth – benefiting from successful land and expand strategy

- Gross profit – benefiting from higher margin product mix

- Gross profit margin – tracking towards targeted range of 70% - 80%

Note:
1. Pro forma Financial Information – includes acquisitions as if the UK and Internetix businesses had been acquired from 1H FY20.
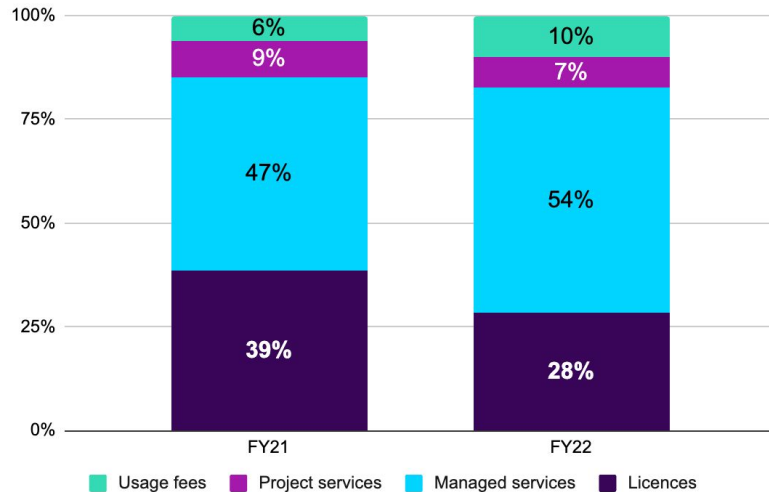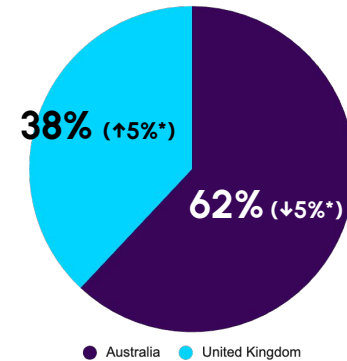2. CAGR is 2 years from FY20 to FY22

Diverse revenue mix driving margins

Revenue by type,

	FY21	FY22
Usage fees	6%	10%
Project services	9%	7%
Managed services	47%	54%
Licences	39%	28%

Legend: Usage fees, Project services, Managed services, Licences

Revenue by region

38% (↑5%*)

62% (↓5%*)

Australia   United Kingdom

Note:
*ppts changed compared to FY21

Successful 'land and expand' strategy

32 landed

Strong track record of expanding landed corporate & enterprise customers.

34 expanded [1]

Including:

How XPON typically lands

- Marketing & CX maturity assessment, audit and roadmap

- Data collection, marketing analytics and foundational cloud infrastructure for first-party data ownership

- Cloud data solutions and modernisation of digital applications that deliver time-to-value

How XPON typically expands

- Consolidation of marketing and customer data with Wondaris CDP; operationalise ML and AI

- Leverage ML and AI automations for better customer insights, segmentation

- Scaling cloud solutions, real-time data and applications and immersive XR customer experiences

Note:
1. 26 unique customers expanded during the year. 34 includes customers expanding on multiple occasions.

Operating highlights

≥80%

Net Promoter Score
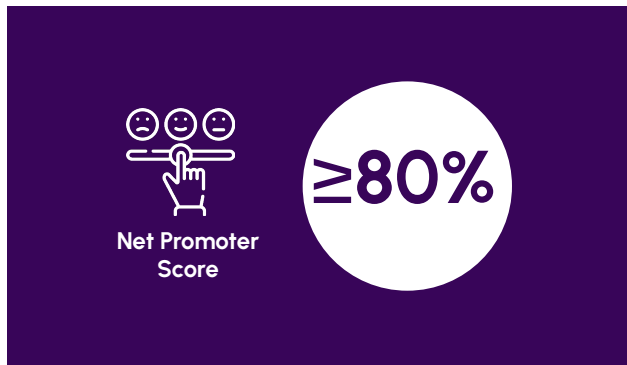
- Successful ASX listing
- Completed integration of Internetrix acquisition with Datisan into XPON Technologies

- Maintained NPS ≥ 80%
- Achieved 160% revenue retention by successfully expanding existing customer usage
- Google Marketing Platform Partner Awards, AU/NZ: Best Customer Use Case

- Further expanded sales and marketing capacity, including key exec appointment of Group CMO
- Scaled global delivery capacity and capability, finishing FY22 with 135[1] headcount and appointed Global Director – Delivery and Customer Success for July '22

Note:
1. Includes 15 on-demand contractors (remote).

Q1 FY23 results: Key metrics

Strong growth in Q1 FY23 vs. Q1 FY22

$18.2m ↑ 66% [1]
ANNUALISED RECURRING REVENUE (ARR)

$4.3m ↑ 44%
REVENUE

$3.0m ↑ 61%
GROSS PROFIT

69% ↑ 7ppt
GROSS PROFIT MARGIN
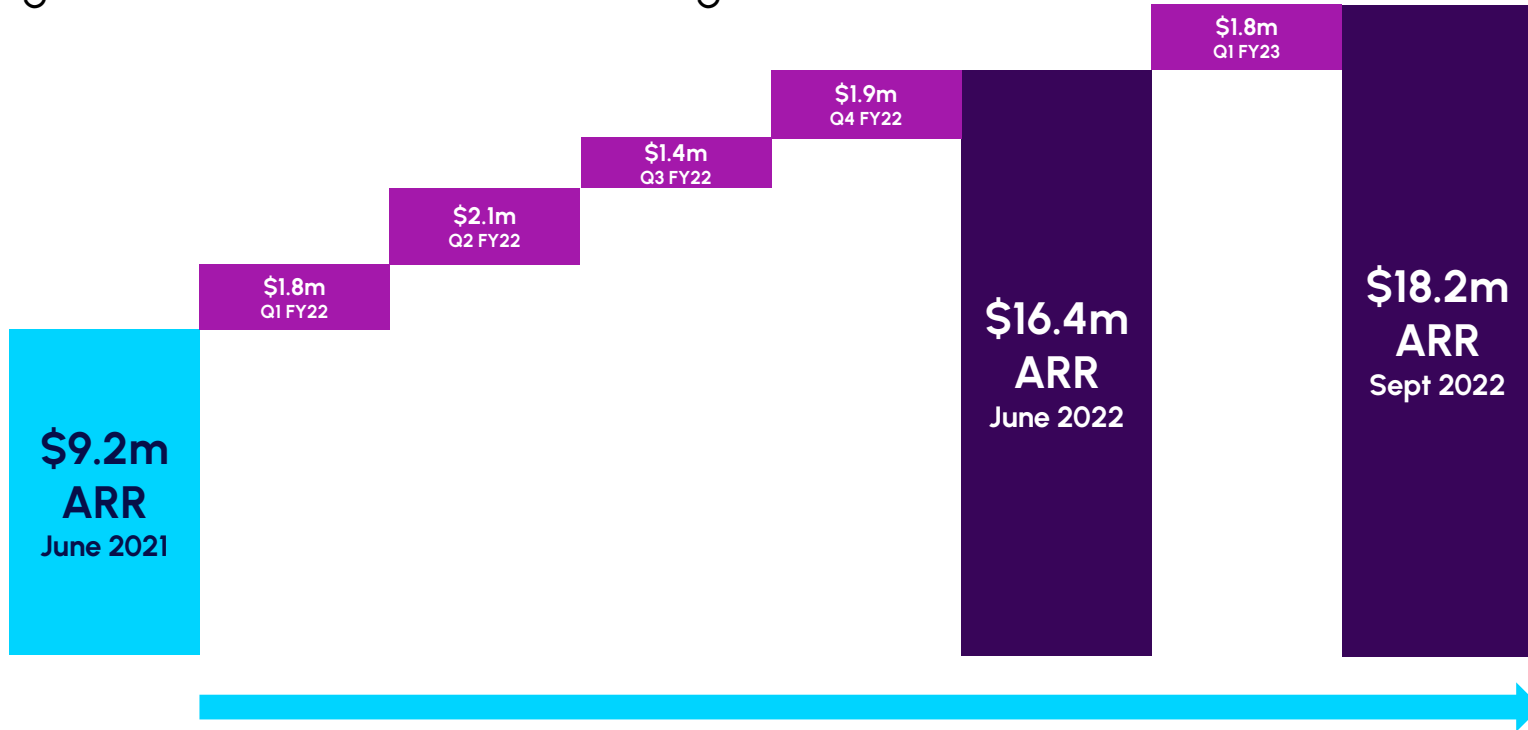
$6.9m
CASH

99.8% [2]
RECURRING REVENUE

Note:
1.This operating metric has not been subject to review by auditors.
2.Recurring revenue % - recurring revenue as a percentage of total revenue for the annual period ended 30 September 2022: (unaudited)

ARR growth[1,2]

Strong continued momentum with 66% growth YoY.

$9.2m ARR June 2021

$1.8m Q1 FY22

$2.1m Q2 FY22

$1.4m Q3 FY22

$1.9m Q4 FY22

$16.4m ARR June 2022

$1.8m Q1 FY23

$18.2m ARR Sept 2022

66% growth YoY

Unit economics[1,2,3]

XPON continues to exhibit compelling unit economics underpinned by the successful 'land and expand' strategy

99.4%
AVERAGE MONTHLY
CUSTOMER RETENTION RATE

172%
REVENUE RETENTION RATE

$639k
LIFETIME VALUE PER
CUSTOMER

11x
LTV/CAC RATIO

$57k
CUSTOMER ACQUISITION
COST (CAC)

9mth
CAC PAYBACK

$136m
TOTAL CUSTOMER
LIFETIME VALUE

Note:
1. Q4 FY22 vs Q1 FY23
2. Refer to glossary for definitions
3. The unit economics have not been subject to review by auditors.

Strategy and outlook: Growth pillars

Strengthen existing solutions, may include strategic acquisitions

Expand value creation, product adoption from existing customers

Expand sales & marketing capacity

Expand channel relationships

Extend Wondaris platform ecosystem

Strategic priorities and focus

- Maintaining organic growth momentum while targeting cashflow break-even for full year FY24.

- Ongoing product development against the XPON roadmap to extend integrations and the Wondaris ecosystem.

- Strategic investment in people and operations to support scaling of the business.

- Continued focus on optimising product and customer mix to accelerate gross margin expansion.

- Continued focus on developing sales and marketing capability to accelerate the XPON pipeline and land new customers.

- Steadily increasing customer revenue retention, and continuing to execute on its land and expand strategy with its customers.

- Leveraging channel partnerships to further validate new customer segments for the Wondaris ecosystem.

Appendices

Appendix: Principal activities

XPON Technologies Group
Corporate Services
People & Culture
Brand & Marketing
Finance
Operations
IT

Solutions

Initially lands a customer by deploying and optimising marketing technologies (MarTech) and advertising technologies (AdTech); leveraging Big Data Analytics (BDA) to improve marketing effectiveness; developing consumer-facing applications and digital experiences; supporting cloud infrastructure and technologies.

Products

Develops innovative proprietary technologies - powered by machine learning (ML) and artificial intelligence (AI) - that enable businesses to create highly personalised, deeply immersive digital experiences with consumers.

XPON's flagship Customer Data Platform (CDP), Wondaris®, centralises customer and marketing data and generates actionable insights for automated campaign activation.

XPON's Extended Reality technology Holoscribe offers easy publication of 360-degree content that enables brands to create highly immersive digital experiences.

Appendix 1: Board of Directors and KMP

**Phillip Aris,
Non Executive
Chairman**

BOARD

Experienced Chair and public company CEO/MD, specialising in professional services and emerging tech. Currently on the board of Credit Corp (ASX:CCP). Formerly Countplus (ASX:CUP) CEO/MD and Head of Credit Cards at Commonwealth Bank (ASX:CBA).

**Matt Forman,
Founder, Managing
Director & Group CEO**

BOARD + EXEC

Tech entrepreneur and respected industry veteran with over 22 years experience owning and leading high growth digital businesses. Extensive leadership experience working and partnering with global tech vendors.

**Jodie Leonard
Non Executive
Director**

BOARD

ASX experienced, Non-Executive Director (FAICD) with expertise in financial services, consumer goods, technology/telecommunications, media/entertainment and travel/tourism. Non Executive Director at X2M Connect (ASX:X2M), Selfwealth (ASX:SWF), and Great Ocean Road Authority.

**Leanne Wolski,
Group CFO**

EXEC

Over 20 years experience senior finance roles for ASX and NYSE listed companies. Formerly CFO for Amaysim (ASX:AYS) and Australian Finance Director and Company Secretary for Western Union Australia. Member of the Institute of Chartered Accountants and is a graduate member of the Australian Institute of Company Directors.

**Tim Ebbeck
Non Executive
Director**

BOARD

Experienced technology leader and ASX director. Board experience at ReadyTech (ASX:RDY) & Envirosuite (ASX:EVS). Formerly CEO at SAP (ANZ), CEO Oracle (ANZ), CCO of SAP (APJ), CCO of NBN Co, as well as CFO of Unisys South Pacific and TMP Worldwide.

Appendix 2: 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.

Year-on-Year (YoY) ARR Growth Rate (%): shows the change in XPON's ARR over a rolling 12-month time frame. This metric demonstrates the impact of the acquisition of new customers, the retention of customers and the expansion of existing customer contracts less any churn from customer's leaving or downgrading their contracts over a 12-month time frame.

Average Revenue Per Customer (ARPC): calculated as annual revenue for the last 12 months divided by the number of customers at that time (and divided by 12 to get a monthly view).

Monthly 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).

Lifetime Value (LTV): LTV per customer is the gross profit expected on average from a recurring customer over their lifetime. This is calculated by taking the average customer lifetime (1 minus the monthly retention rate to get monthly churn, then 1 divided by churn) multiplied by ARPC, multiplied by the gross margin percentage for the last quarter. Total LTV represents the total gross profit XPON expects to receive from its current recurring customer base by taking the average LTV per customer and multiplying it by the number of recurring customers.

Customer Acquisition Costs (CAC): calculated by total customer acquisition costs spent on acquiring customers over the last 12 month period divided by the number of customers acquired during the period. It includes 80% of the salary costs of all sales & marketing team members and 100% of sales commissions, advertising costs, costs for customer marketing activities and resources.

CAC Payback: the average number of months that it takes for XPON to receive back its customer acquisition costs.

LTV/CAC Ratio: LTV divided by CAC, expressed as a ratio to indicate the net return on the cost of acquiring a customer on average, after cost of sales and before operating expenses.

Customer Revenue Retention Rate (CRRR): the percentage of recurring revenue retained from existing customers over the last 12 months. This accounts for increased revenue from existing customers utilising more of XPON's solutions and lost revenue due to churned customers.

GTM: Go-to-market, meaning the strategy by which XPON wins business.

Recurring Revenue: revenue realised from the sale of software licences, managed service subscriptions and usage fees.

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

Contact

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