XPON®

FY23 Interim Results Presentation

21 February 2023

POWERED EXPONENTIALLY

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Our mission

Empower marketing and customer experiences of the future.

POWERED EXPONENTIALLY

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.

Scalable complementary offering

XPON®

Our people implement a solid cloud foundation that helps our customers better leverage their First Party data, and our technology enables our customers to deliver a more valuable, personalised, and secure customer experience.

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

wondaris   **holoscribe**

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.

Agenda

1. Business update
2. Financial results
3. Strategy and outlook
4. Appendix

Successful 'land and expand' strategy

19 landed

Strong track record of expanding landed corporate & enterprise customers.

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

25 expanded [1]

Including:

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. 21 unique customers expanded during the half.

Key financial metrics - 1H FY23 comparison

Strong growth continued in 1H FY23 vs. 1H FY22

$18.2m ↑ 39%
ANNUALISED RECURRING REVENUE (ARR)[1]

$8.9m ↑ 44%
REVENUE

$6.1m ↑ 55%
GROSS PROFIT

69% ↑ 5 ppts
GROSS PROFIT MARGIN

$7.0m ↓ $1.2m
CASH [2]

99.6% ↑ 9 ppts
RECURRING REVENUE [1, 3]

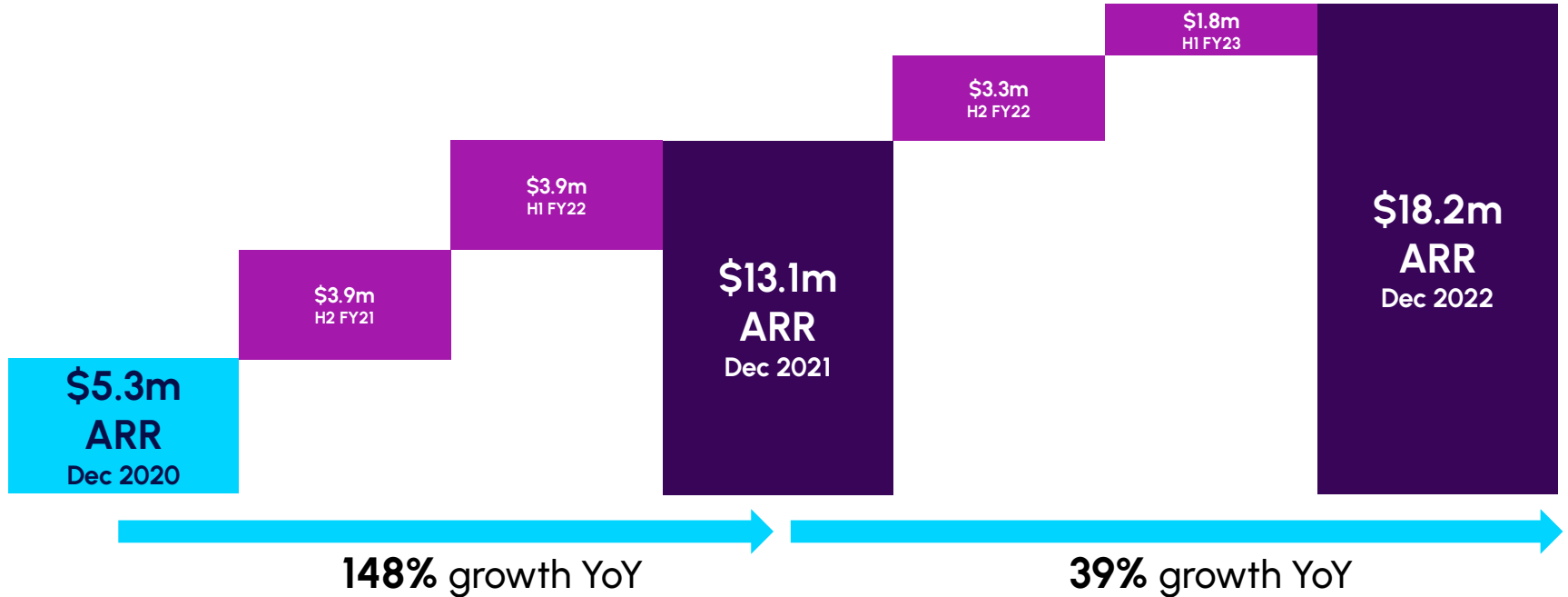Note:
1. Have not been subject to review by auditors
2. Cash - closing balance for period ended 31 Dec 2022 vs. 30 June 2022
3. Recurring revenue % - recurring revenue as a percentage of total revenue for the 1H FY23

ARR growth[1,2]

Momentum continues with 39% growth YoY.

$5.3m ARR — Dec 2020

$3.9m H2 FY21

$3.9m H1 FY22

$13.1m ARR — Dec 2021

$3.3m H2 FY22

$1.8m H1 FY23

$18.2m ARR — Dec 2022

148% growth YoY

39% growth YoY

Note:
1. Refer to glossary for definitions
2. Has not been subject to review by auditors.

Business updates - H1

- Appointment of Non-executive Director Jodie Leonard to the Board
- Appointment of Matt Daniels as Chief Technology and Security officer
- Inaugural Investor Day event as an ASX-listed entity
- Consistent quality customer service record, with NPS at/above 85% for the period while landing and expanding 19 and 25 customers, respectively
- Premium status as a Google Cloud Partner in AUNZ
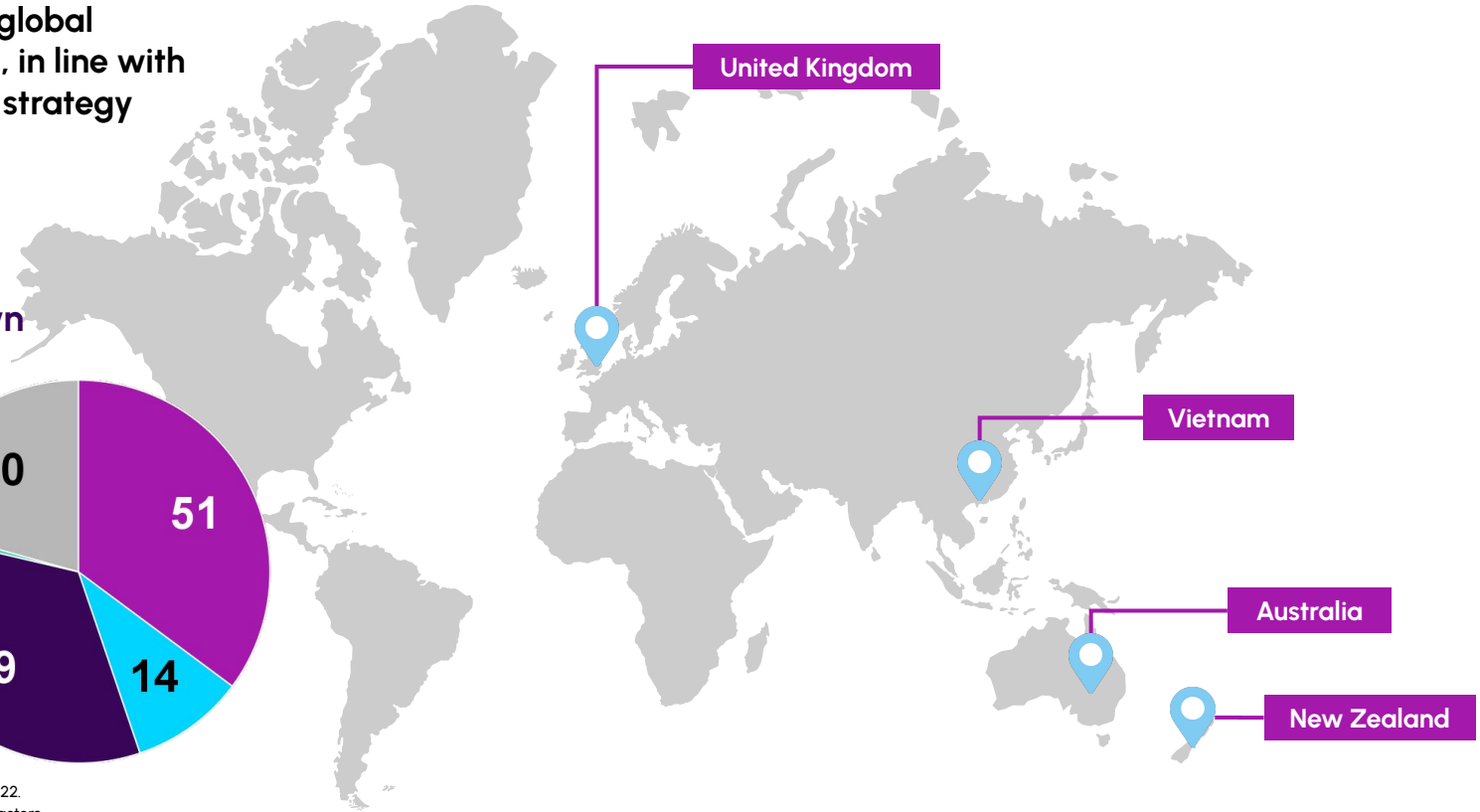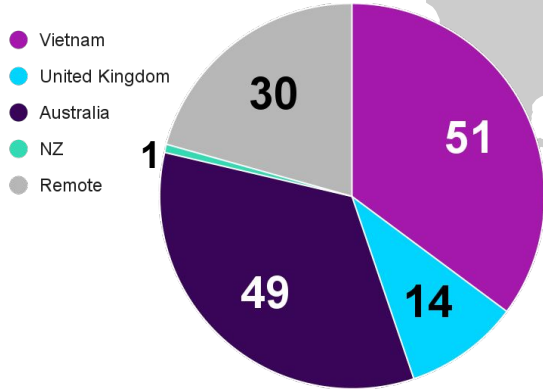- Wondaris integration with The Trade Desk

Global team footprint

XPON reached a global headcount of 145[1], in line with talent acquisition strategy

Team breakdown

- Vietnam
- United Kingdom
- Australia
- NZ
- Remote

Pie chart values: 51, 14, 49, 1, 30

Map labels: United Kingdom, Vietnam, Australia, New Zealand

Note:
Team breakdown as at 31 December 2022.
1. Includes 14 on-demand remote contractors

Awards and recognition

XPON was recognised for its high-growth results in Australia:

- Deloitte Fast50 Rising Star #18
- AFR 100 Fast Starter #59

XPON also achieved a number of channel partner milestones, including:

Google Cloud Partner

- Premier reseller

Google Marketing Partner:

- Partner of the Year 2022
- Best Collaboration Award
- Loudest Voice

# Expanded client experience: Flight Centre

Survey response rates*

0.1% ➡ 50%   6.9%
Before   **After**   **% overall brand uplift**

FlightCentre, building on its long-standing relationship with XPON, was able to realise significant optimisations in Flight Centre's marketing technology stack by seamlessly integrating its data collection, analysis, and advertising efforts through the use of Google Marketing Platform (GMP)'s DV360 tool. With this integration, Flight Centre was able to conduct comprehensive brand measurement surveys, deploying valuable insights immediately into targeted ad campaigns with ease.

- Greater efficiencies into marketing investments and measurement of advertising campaign performance across multiple channels

- Reduced effort in replicating ad campaigns across platforms

- Improved capability and capacity for in-house marketing teams
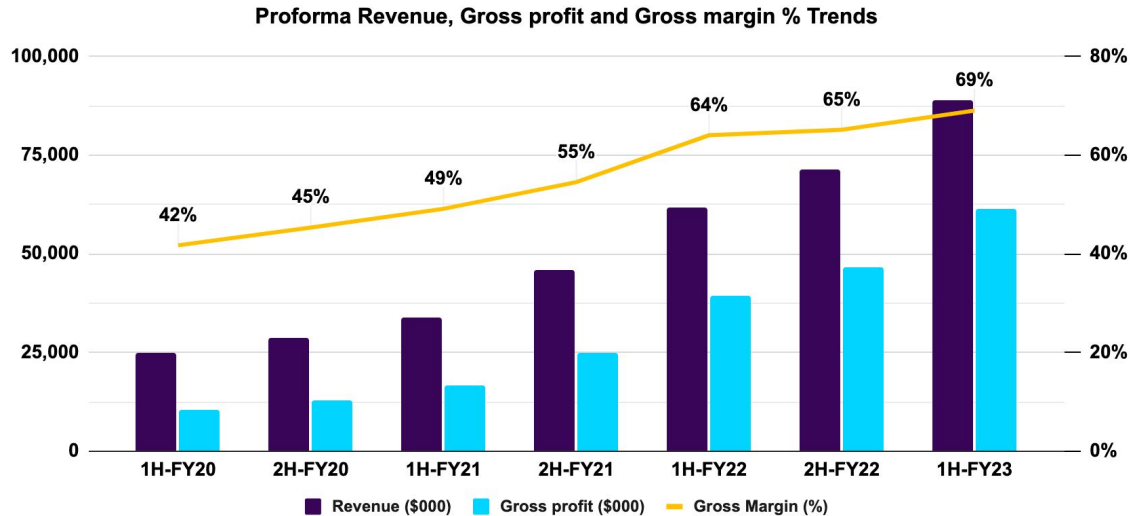
Note: *data provided by client
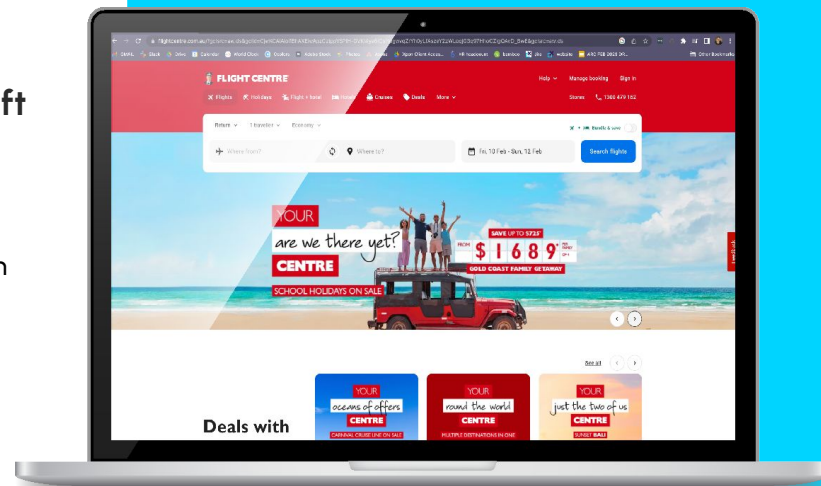
Strong revenue growth and expanding margins[1]

Revenue CAGR[2] of 37%, gross profit CAGR of 56%

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

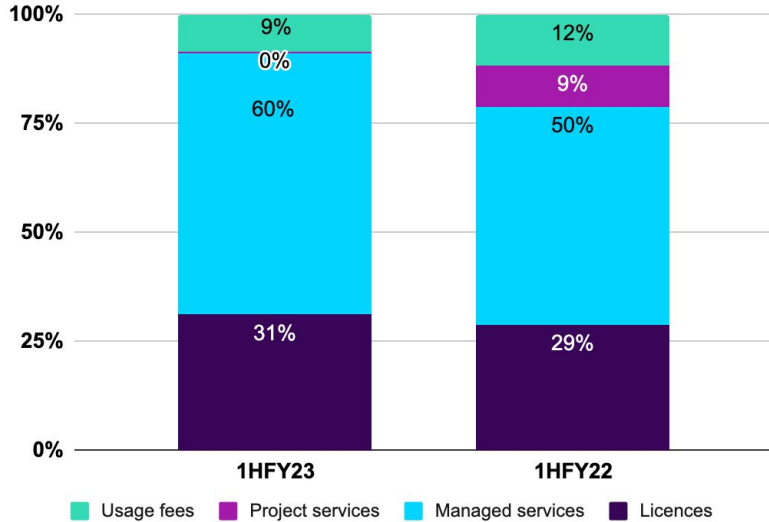- Gross profit margin - tracking towards targeted range of 70% - 80%

Note:
1. Pro forma Financial Information – includes acquisitions as if the UK and Internetix businesses had been acquired from 1H FY20.
2. CAGR is 4 years from 1H FY20 to 1H FY23

Strong revenue predictability and margin growth

Revenue by type

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

	1HFY23	1HFY22
Usage fees	9%	12%
Project services	0%	9%
Managed services	60%	50%
Licences	31%	29%

Revenue by region

1H FY23: Australia 53%, UK 47%
1H FY22: Australia 63%, UK 37%

Legend: Australia, UK
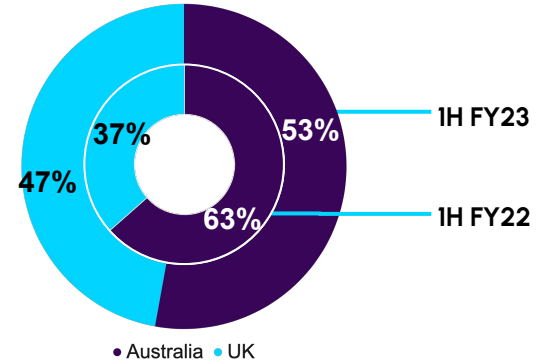
Recurring vs. non-recurring revenue

1H FY23: Recurring rev % 100%, Non-recurring rev % 0%
1H FY22: Recurring rev % 91%, Non-recurring rev % 9%

Legend: Recurring rev %, Non-recurring rev %
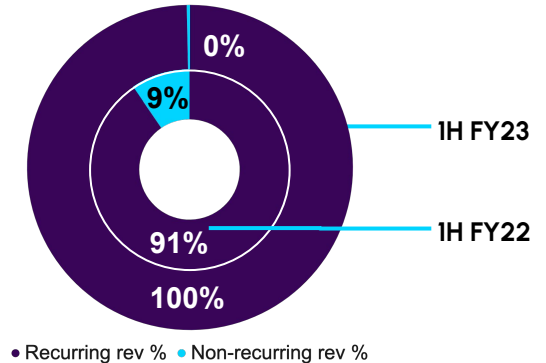
Unit economics[1,2,3]

Compelling unit economics with exceptional customer and revenue retention underpinned by the successful 'land and expand' strategy.

99.4%
AVERAGE MONTHLY CUSTOMER RETENTION RATE

178%
REVENUE RETENTION RATE

$765k
LIFETIME VALUE PER CUSTOMER

11x
LTV/CAC RATIO

$68k
CUSTOMER ACQUISITION COST (CAC)

11mth
CAC PAYBACK

$167m
TOTAL CUSTOMER LIFETIME VALUE

Note:
1. At 31 Dec 2022
2. Refer to glossary for definitions
3. The unit economics have not been subject to review by auditors.

Profit & Loss summary

For half-year ended 31 December 2022	31-Dec-22 $'000	31-Dec-21 $'000	Movement %
Revenue	8,875	6,162	44%
Cost of sales	(2,748)	(2,221)	24%
Gross profit (A$)	**6,126**	**3,941**	**55%**
Gross profit margin %	**69%**	**64%**	**5%**
Other income	107	16	578%
Operating expenses (ex. IPO txn expenses)	**(9,310)**	**(5,484)**	70%
Adjusted EBITDA (A$)*	**(3,077)**	**(1,527)**	**102%**
IPO transaction related expenses	-	(1,862)	(100%)
EBITDA (A$)	**(3,077)**	**(3,389)**	**(9%)**

- **Revenue** increased by 44% to $8.9m, assisted by the benefit of 19 landed customers and 25 expanded customers over the period.

- **Gross profit** grew by 55% to $6.1m and **gross margin** expanded by 5 ppts, assisted by operating leverage achieved from scale benefits, with some minor impact from lower usage.

- **Operating expenses** increased by 70% to $9.3m. The increase in the operating expenses is consistent with the stated use of IPO funds to support the Group's objective of scaling and global expansion driven by the Group's growth strategies including investment in sales and marketing, overall operating capacities and Listed Company expenses.
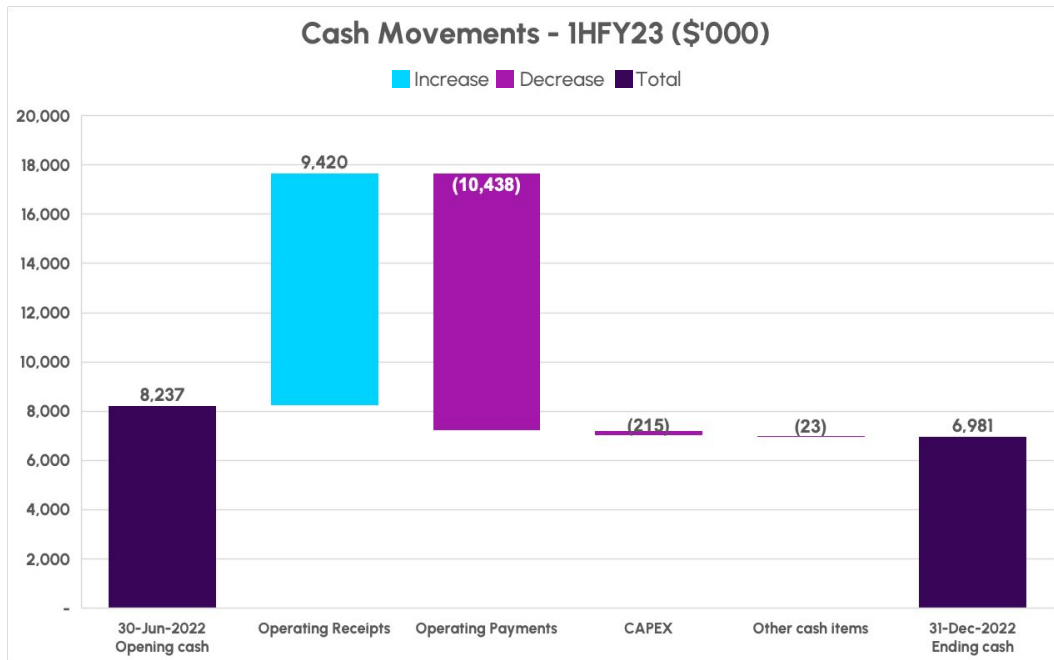
Note:
*Unaudited. Adjusted EBITDA is calculated by excluding IPO transaction related expenses.

Balance Sheet summary

For period ended	31 Dec 22 $'000	30 Jun 22 $'000	Movement %
TOTAL ASSETS			
Cash and cash equivalents	6,981	8,237	(15%)
Trade and other receivables	5,913	5,082	16%
Intangible assets (net)	4,307	4,417	(2%)
Other assets	1,193	1,524	(22%)
TOTAL ASSETS	18,394	19,259	(4%)
TOTAL LIABILITIES			
Trade and other payables	7,579	5,432	40%
Borrowings	62	71	(13%)
Contract liabilities	1,096	703	56%
Other liabilities	948	1,205	(21%)
TOTAL LIABILITIES	9,684	7,411	31%
NET ASSETS	8,710	11,847	(26%)
EQUITY			
Issued capital	21,796	21,796	0%
Reserves	1,559	1,209	29%
Accumulated Losses	(14,645)	(11,158)	31%
TOTAL EQUITY	8,710	11,847	(26%)

- Cash and cash equivalents balance of $7.0m representing a net decrease in cash of $1.2m from 30 June to 31 December 2022.

- Small borrowing balance of $0.1m being loan from National Westminster Bank plc as part of UK Government's in response to COVID-19 at a fixed interest rate of 2.5% for a term of 6 years.

- Contract liabilities balance of $1.1m representing payments received in advance from customers with revenue to be realised in future periods.

- Current cash position will support the Group targeting cash flow break-even for full year FY24.

Cashflow bridge

Cash Movements - 1HFY23 ($'000)

Legend: Increase · Decrease · Total

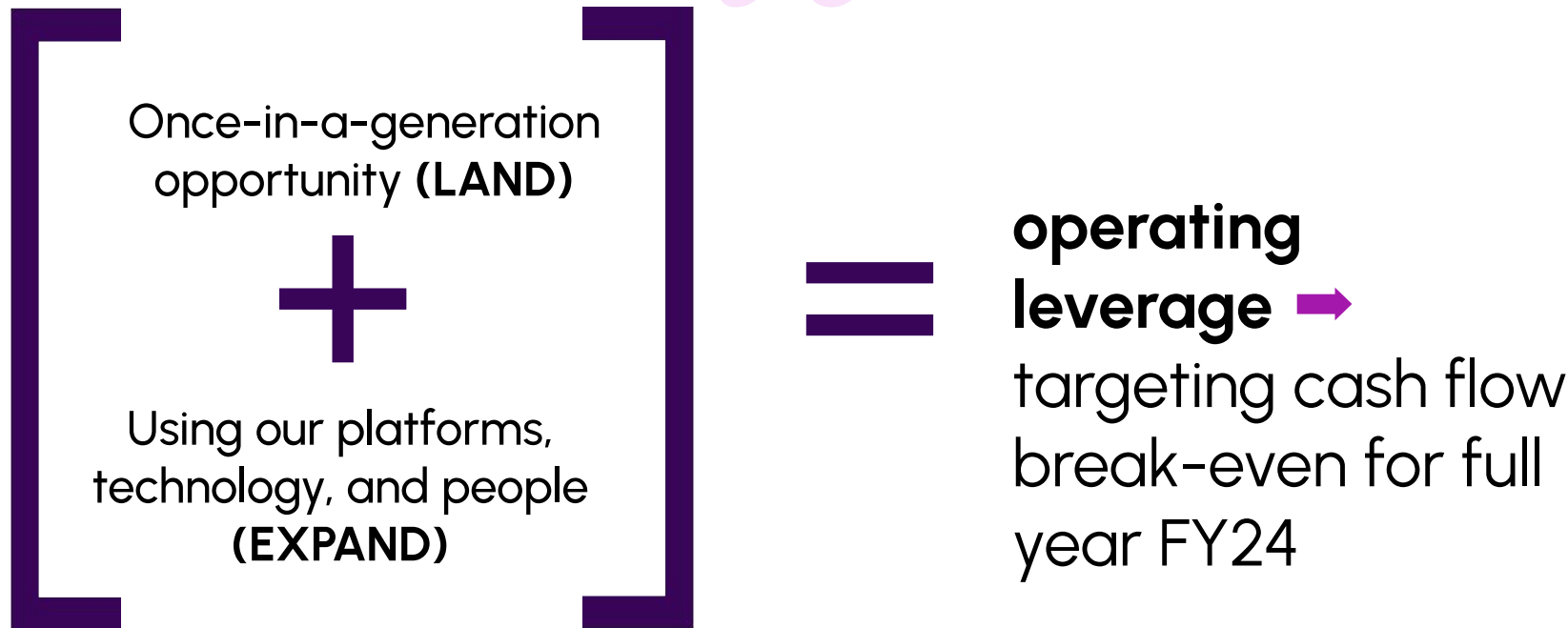| Category	Value
30-Jun-2022 Opening cash	8,237
Operating Receipts	9,420
Operating Payments	(10,438)
CAPEX	(215)
Other cash items	(23)
31-Dec-2022 Ending cash	6,981

- Operating receipts - $9.4m representing a cash conversion rate of 106% to reported revenue of $8.9m benefitting from timing of payments of annual contract renewals

- Net decrease in cash of $1.2m to $7.0m from 30 June to 31 December 2022

- CAPEX includes the rollout of a new ERP

- XPON remains confident that it is on track and well-positioned to drive organic growth and achieve our target of cash flow break-even in FY24 with the current cash balance

Formula for sustainable growth

powered by strong unit economics

$$\left[\text{Once-in-a-generation opportunity (LAND)} + \text{Using our platforms, technology, and people (EXPAND)} \right] = \text{operating leverage} \rightarrow$$

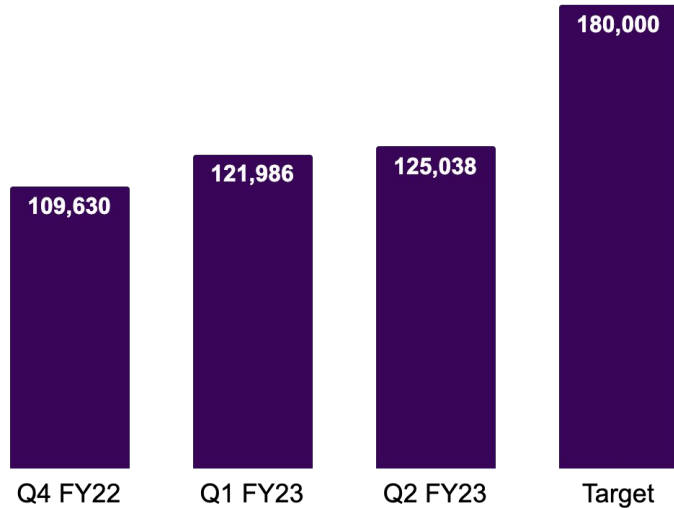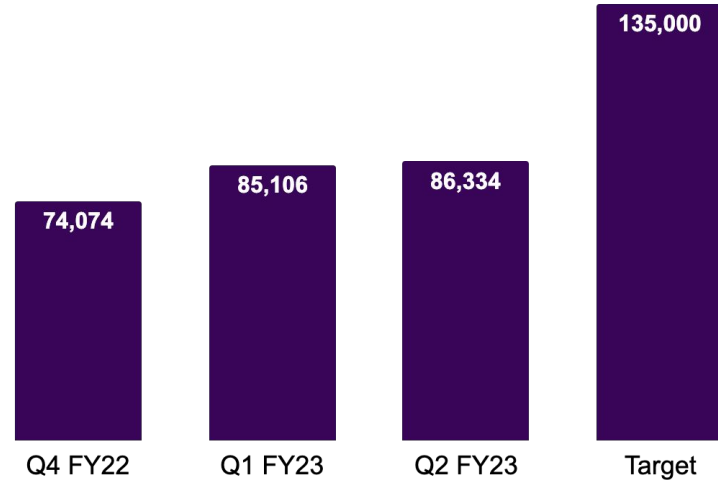targeting cash flow break-even for full year FY24

Improving operating leverage

Headroom available to achieve industry targets for both revenue and gross profit per headcount

Annualised Rev per Headcount vs Target (A$)

Q4 FY22	Q1 FY23	Q2 FY23	Target
109,630	121,986	125,038	180,000

Annualised Gross Profit per Headcount vs Target (A$)

| Q4 FY22	Q1 FY23	Q2 FY23	Target
74,074	85,106	86,334	135,000

Note:
Headcount was 135 for Q4 FY22, 141 for Q1 FY23, and 145 for Q2 FY23.

Macro business drivers

Convergence of trends continues to drive demand for the XPON offering:

- The increased data privacy and security regulation by governments;
- The continued degradation of third-party advertising cookies;
- The increased demand for personalised consumer experiences enriched by AI
- An increased awareness and interest around Extended Reality (XR) and the journey to the Metaverse based around XPON's Holoscribe platform
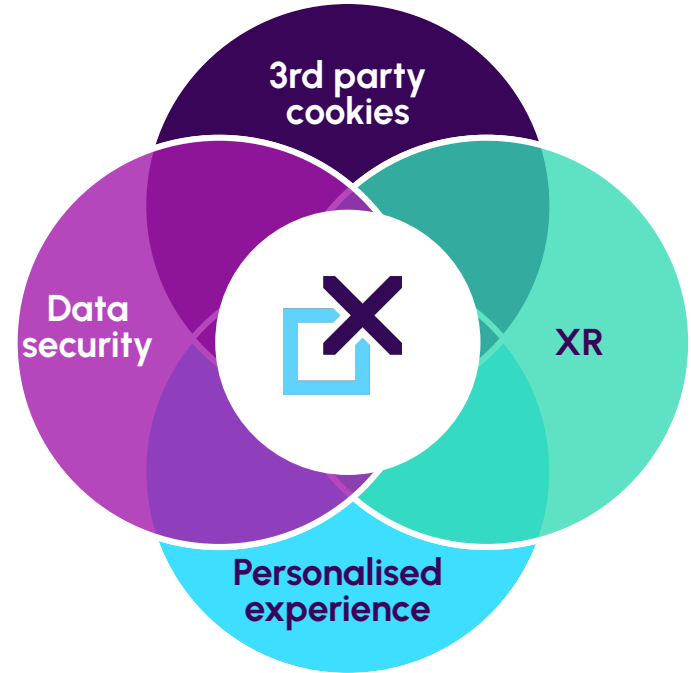
Growth pillars

Strengthen existing solutions, may include strategic acquisitions

Expand value creation, product adoption from existing customers

Leverage sales & marketing capacity and capability

Expand channel relationships

Extend Wondaris platform ecosystem

Outlook

We remain positive on the outlook for the full year, as we scale the business. During FY23, XPON maintains a strategic focus on the following priorities:

- Maintaining organic growth while achieving target of cashflow break-even in FY24.

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

- Leveraging the investment in people and operations to support scaling of the business, this includes the recruitment of a Chief People Officer to continue to support our people.

- Continued focus on 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 our land and expand strategy with our customers.

XPON®

Thank you
xpon.ai/investors

Appendices

Appendix 1 - Profit & loss, balance sheet

Profit & Loss
For half-year ended 31 December 2022

	31-Dec-22 $'000	31-Dec-21 $'000	Movements %
Revenue	8,875	6,162	44%
Cost of sales	(2,748)	(2,221)	24%
Gross profit $	6,126	3,941	55%
Gross profit margin %	69%	64%	5%
Other income	107	16	578%
Employee expenses	(6,516)	(4,104)	59%
Sales & Marketing Expenses	(772)	(555)	39%
IT & facilities expenses	(560)	(270)	107%
IPO transaction related expenses		(1,862)	(100%)
	-		
General & Admin Expenses	(1,462)	(555)	164%
Total Operating Expenses	(9,310)	(7,346)	27%
Total loss before net finance costs, depreciation and amortisation	(3,077)	(3,389)	(9%)
Depreciation and Amortisation	(277)	(270)	3%
Finance expenses (net)	(122)	(24)	401%
Loss before income tax	(3,476)	(3,683)	(6%)
Income tax benefit	(11)	18	(161%)
Loss for the half year after tax	(3,487)	(3,665)	(5%)
Other comprehensive income, net of income tax			
Items that will be reclassified to profit or loss when specific conditions are met			
Exchange differences on translating foreign controlled entities	(53)	(34)	55%
Other comprehensive income for the year, net of tax	(53)	(34)	55%
Total comprehensive income for the half year	(3,541)	(3,699)	(4%)

Balance Sheet
For half-year ended 31 December 2022

	31-Dec-22 $'000	30-Jun-22 $'000	Movements %
Cash and cash equivalents	6,981	8,237	(15%)
Trade and other receivables	4,999	4,823	4%
Contract assets	528	-	0%
Other assets	386	259	49%
TOTAL CURRENT ASSETS	12,894	13,318	(3%)
Property, plant and equipment	138	208	(33%)
Deferred tax assets	753	731	3%
Intangible assets	4,307	4,417	(2%)
Right-of-use assets	215	530	(59%)
Other assets	86	55	58%
TOTAL NON-CURRENT ASSETS	5,501	5,940	(7%)
TOTAL ASSETS	18,394	19,259	(4%)
Trade and other payables	7,579	5,432	40%
Borrowings	23	23	(2%)
Current tax liabilities	34	-	0%
Lease liabilities	64	112	(43%)
Employees benefits	611	481	27%
Contract liabilities	1,096	703	56%
TOTAL CURRENT LIABILITIES	9,406	6,751	39%
Borrowings	39	48	(19%)
Tax assets and liabilities	-	-	0%
Lease liabilities	174	458	(62%)
Employee benefits	64	154	(58%)
TOTAL NON-CURRENT LIABILITIES	278	660	(58%)
TOTAL LIABILITIES	9,684	7,411	31%
NET ASSETS	8,710	11,847	(26%)
Issued capital	21,796	21,796	0%
Reserves	1,559	1,209	29%
Accumulated Losses	(14,645)	(11,158)	31%
TOTAL EQUITY	8,710	11,847	(26%)

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.

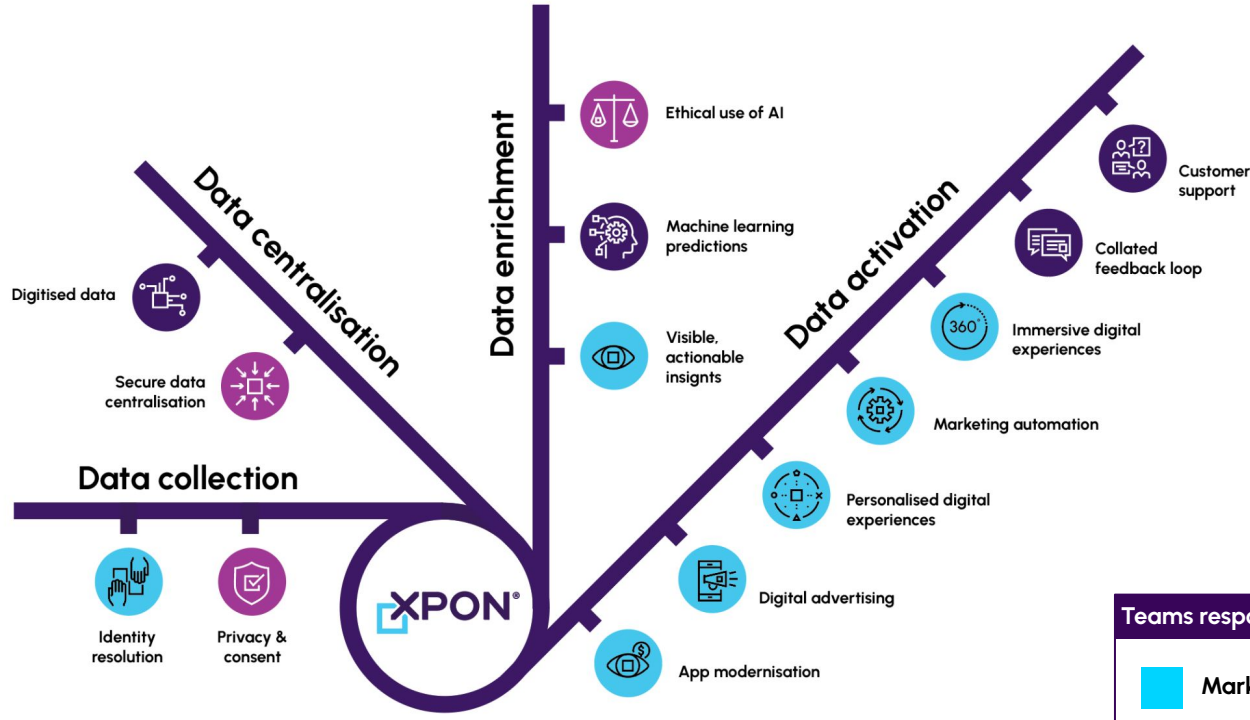**GTM:** Go-to-market, meaning the strategy by which XPON wins business.

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.

A catalyst helping you navigate a fragmented industry
# Industry value chain

Data centralisation

Data enrichment

Data activation

Digitised data

Secure data centralisation

Data collection

Identity resolution

Privacy & consent

Ethical use of AI

Machine learning predictions

Visible, actionable insights

Customer support

Collated feedback loop

360° Immersive digital experiences

Marketing automation

Personalised digital experiences

Digital advertising

App modernisation

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

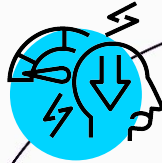| Teams responsible		
Marketing	Operations	IT

Evolving privacy landscape

Breach happens
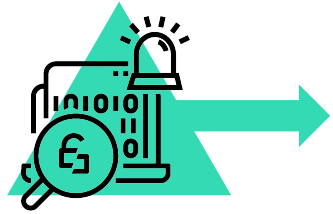
1 Erosion of consumer trust

2 Regulatory changes
Examples:
- GDPR
- CCPA
- AAP

XPON way to break the cycle:
Build trust via value exchange and transparency
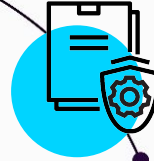
3 Industry changes
Examples:
- Apple Privacy Controls
- Third-party cookie deprecation

4 Fragmented User experiences
Causing:
- Lack of control over data
- Frustration for consumers

Wondaris

Centralised data from any of the public cloud vendors, including GCP, AWS, Azure and Snowflake, either via the pre-built connectors or businesses' existing integration stack

Enriched with ML and AI, data insights managed with ISO-certified standards to deliver a privacy-safe, infinitely scalable 1st party data solution

High-value audiences are activated easily through automated workflows, to deliver highly-personalised customer experiences for better campaign conversion rates

Holoscribe

- Content creators and collaborators **rapidly and easily publish** rich extended reality (XR) and 360 experiences **to any channel** via web interface

- Polls, quizzes and engagement tools offer consumers **personalised experiences and create actionable insights** on segmentation

- **Native integration** with Wondaris for data automated activations.
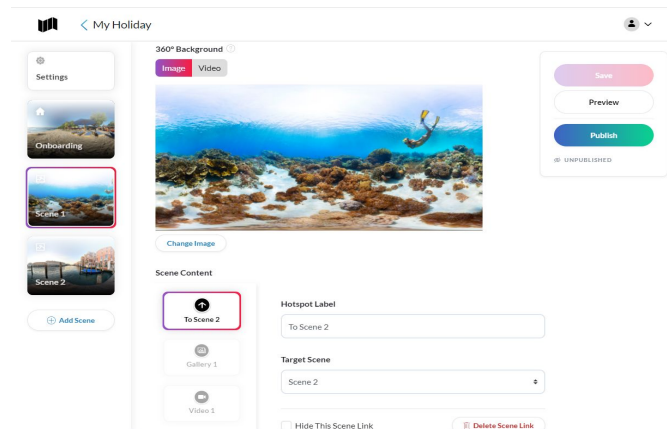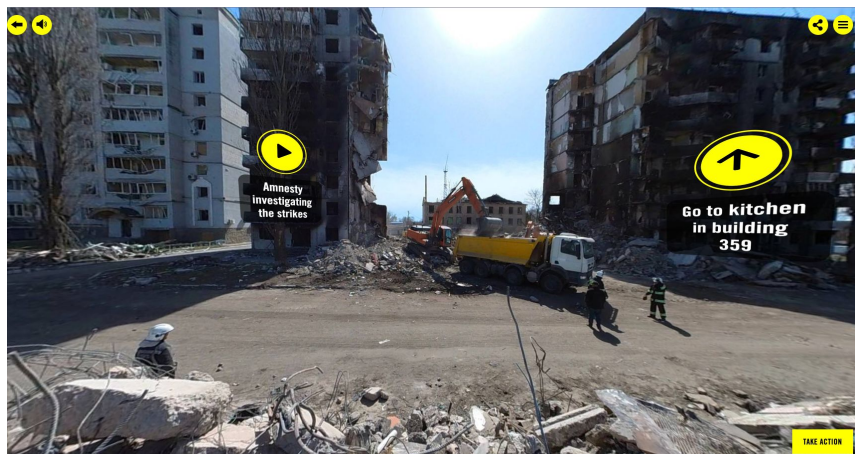
- Holoscribe users average +**9 mins average dwell time** compared to 4.5 min on standard websites

- More than **8 million consumer** sessions delivered through the platform since 2018.

- **Users interact with more than 80%** of content once they enter a Holoscribe experience

Leadership team

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.

Tim Ebbeck
Non Executive Director

BOARD

Experienced technology leader and ASX director. Board experience at ReadyTech (RDY.ASX), Tymlez (TYM.ASX), IXUP Limited (IXU.ASX). 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.

Jodie Leonard
Non Executive Director

BOARD

An experienced ASX director with expertise in technology, financial services, consumer goods and the media/entertainment industries. She currently serves as a Non-Executive Director at X2M Connect Ltd (ASX:X2M)and the Great Ocean Road Coast & Parks Authority, and has formerly held Board positions at BWX Ltd (ASX:BWX), Flexigroup Ltd (now Humm Group Ltd, ASX:HUM) and the RACV.

Jennifer Killian,
Group CMO

EXEC

Marketing executive and experienced board advisor with more than 20 years' experience with B2B SaaS companies ranging from Silicon Valley startup to FORTUNE 500. Former GM of Marketing and Channels for WiseTech (ASX:WTC). Member of the UNSW Business School Alumni Advisory Board and the Australian Institute of Company Directors.

Chris Rozic,
CEO - AUNZ

EXEC

Over 12 years senior marketing experience as previous National Marketing Manager of Betta Home Living and marketing for Knight Frank. Previously co-founder of Ark CX, a machine learning and sentiment analytics company established in 2017.

Ben Fogarty,
CEO - UKEU

EXEC

A senior digital strategist and product innovator, proven in creating and growing digital engagement products in the UK and internationally. Founder of several disruptive SaaS startups, Ben is recognised as a digital leader in the UK tech space.

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.