



Q3 FY23 Results presentation

28 April 2023



POWERED EXPONENTIALLY



Disclaimer

This Presentation and has been prepared by XPON Technologies Group Limited ACN 635 810 258 (XPON or the Company). Shares in the Company are listed on ASX (ASX code: XPN)

The information in this Presentation does not constitute personal investment advice. The Presentation is not intended to be comprehensive or provide all information required by investors to make an informed decision on any investment in the Company. In preparing this Presentation, the Company did not take into account the investment objectives, financial situation and particular needs of any particular investor. Further advice should be obtained from a professional investment adviser before taking any action on any information dealt with in the Presentation. Those acting upon any information without advice do so entirely at their own risk.

Whilst this Presentation is based on information from sources which are considered reliable, no representation or warranty, express or implied, is made or given by or on behalf of the Company, any of its directors, or any other person about the accuracy, completeness or fairness of the information or opinions contained in this Presentation. No responsibility or liability is accepted by any of them for that information or those opinions or for any errors, omissions, misstatements (negligent or otherwise) or for any communication written or otherwise, contained or referred to in this Presentation.

Certain statements in this Presentation, particularly those regarding possible or assumed future performance, potential business growth, industry growth or other trend projections, and any estimated earning or other performance measures, are, or may be, forward-looking statements. Such statements involve unknown risks and uncertainties, many of which are outside the control of the Company. Actual results may vary materially from any forward-looking statements and the assumptions those are based, and such variation are normal and to be expected.

This Presentation is not a prospectus or other disclosure document under the Corporations Act 2001 (Cth) (Corporations Act) and will not be lodged with the Australia Securities and Investments Commission. This presentation is for information purposes only and is not an invitation or offer of securities for subscription, purchase or sale in any jurisdiction. The distribution of this Presentation (including electronically) outside Australia may be restricted by law. If you come into possession of this Presentation, you should observe such restrictions and seek your own advice. Any non-compliance with these restrictions may contravene applicable securities laws.

Neither the Company nor any of its directors, officers, employees, advisers, associated persons or subsidiaries are liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying upon any statement in this Presentation or any document supplied with this Presentation, or by any future communications in connection with those documents and all of those losses and damages are expressly disclaimed.

Any opinions expressed reflect the Company's position at the date of this Presentation and are subject to change.


Agenda



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



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 offerings: How we do it



XPON is a Cloud and MarTech company that provides corporate and mid-tier enterprises in Australia, New Zealand, the United Kingdom, and Europe with proprietary platforms and managed services for modernising marketing and customer experience.



Proprietary platforms (Wondaris® and Holoscribe®) - enable businesses to create personalised and immersive digital experiences for consumers, powered by machine learning (ML) and artificial intelligence (AI).

Managed services - to support the rapid adoption of these platforms, as well as other MarTech, AdTech, big data analytics, and consumer-facing applications.





Q3 FY23 financial highlights





Key metrics

Growth in Q3 FY23 vs. Q3 FY22

\$18.0m ↑ 23%
ANNUALISED RECURRING REVENUE (ARR)

72% ↑ 6ppt
GROSS PROFIT MARGIN

\$3.8m ↑ 12%
REVENUE

\$5.9m²
CASH

\$2.7m ↑ 23%
GROSS PROFIT

99.4%³
RECURRING REVENUE

Note:

- 1. Key metrics based on actual statutory results - have not been subject to review by auditors
- 2. Cash - closing balance for period ended 31 March 2023
- 3. Recurring revenue % - recurring revenue as a percentage of total revenue for the quarterly period ended 31 March 2023

ARR growth^{1,2}



Note:

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



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

172%

REVENUE RETENTION RATE

\$749k

LIFETIME VALUE PER
CUSTOMER

9x

LTV/CAC RATIO

\$80k

CUSTOMER ACQUISITION
COST (CAC)

12^{mth}

CAC PAYBACK

\$167m

TOTAL CUSTOMER
LIFETIME VALUE

Note:

1. At 31 Mar 2023
2. Refer to glossary for definitions
3. The unit economics have not been subject to review by auditors.



Q3 FY23 business highlights



Customer successes - Q3 FY23

4 landed

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

12 expanded

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

Including:





Business updates

- Continued product enhancements for Wondaris[®], including additional Salesforce Marketing Cloud destinations and upgraded user experience (UX) features
- Further expansion of the Wondaris[®] ecosystem with the Zapier integration, enabling customers to leverage Wondaris[®] features and benefits against more than 800 of Zapier's marketing apps
- Headcount of 130, down from 145 at Q2 FY23, following the reduction of on-demand contractors, to ensure that costs align with softer revenue
- Consistent quality customer service recognition with a Net Promoter Score (NPS) of 88
- Executive appointment of Lisa Young to Group CFO, who will start 15 May and succeed retiring Group CFO Leanne Wolski



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 and Priorities

XPON maintains a strategic focus on the following priorities for the rest of FY23 and into Q1/FY24:

- Continuing to assess market conditions and refine XPON's approach to market to ensure that the cost base is appropriately matched to projected revenues.
- Maintaining sustainable growth with a focus on key customer segments, and delivering core business offering.
- Strategic investment in people and operations to support the business while achieving the target of cashflow break-even in FY24.
- Ongoing product development against the XPON roadmap to extend integrations and the Wondaris ecosystem.
- Continued focus on product and customer mix to accelerate gross margin expansion
- Optimising sales and marketing activities 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 Google channel partnership to further validate new customer segments and expand mutual clients into XPON's core business offering.



Thank you
xpon.ai/investors



Appendices





Appendix 1 - 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.