



ASX Announcement

26 February 2024

XPON Technologies Group Ltd (ASX: XPN) raises \$1.125 million

XPON Technologies Group Limited (ASX: XPN) (**Xpon** or the **Company**), a marketing technology and cloud business providing mission-critical software solutions to corporate and mid-tier enterprises in Australia, New Zealand and the United Kingdom, today advises that it has secured commitments from professional and sophisticated investors (**Noteholders**) to raise A\$1.125 million (before costs) via the issue of 45,000,000 secured convertible notes (**Convertible Notes**). The funds raised from the issue of the Convertible Notes will strengthen the Company's balance sheet and support general working capital.

Matt Forman, Founder, Managing Director and Group CEO said: "We are pleased to have secured a convertible note raising, including interest from supportive institutional investors. Our focus remains on growing sustainably while driving towards profitability. Raising this capital strengthens our balance sheet and better positions the Company to deliver on its growth and profitability strategy."

The issue of the Convertible Notes is within the Company's existing placement capacity under ASX Listing Rule 7.1. The Company will also grant 22,500,000 free warrants (**Warrants**) to investors subject to obtaining shareholder approval at an upcoming extraordinary general meeting. A summary of the terms of the Convertible Notes and Warrants are annexed to this announcement.

Sequoia Corporate Finance (**Sequoia**) was corporate adviser to the Convertible Note issue.

Annexure A: Secured Redeemable Convertible Note Terms Summary

Issue Size	A\$1,125,000. 45,000,000 Convertible Notes + 22,500,000 Warrants
Issue Date	The Convertible Notes will be issued to Noteholders within 3 business days of this announcement. The Warrants will be issued shortly after approval from the Company's shareholders (subject to that approval being obtained)
Term of the Convertible Notes	12 months maturity date with the ability to extend by a further 6 months at the Noteholder's discretion.
Face Value	\$0.025 per Convertible Note.
Conversion ratio	1 Convertible Note: 1 fully paid ordinary share in the Company (subject to usual adjustments in accordance with the ASX listing rules)
Interest	15% per annum simple interest payable: <ul style="list-style-type: none"> a. on the Face Value of the Convertible Notes; and b. quarterly in arrears, from the Issue Date of the Convertible Notes until conversion or repayment of the Convertible Notes.
Conversion, repayment and early repayment	<ol style="list-style-type: none"> 1. Conversion anytime during the Term at Noteholders' option into ordinary shares on a one for one basis; or 2. Unless already converted as per 1. above, the Convertible Notes will become repayable at 140% (if shareholder approval is obtained for the Warrants) or 150% (if shareholder approval is not obtained for the Warrants) of the outstanding Face Value plus any accrued but unpaid Interest in the case of: <ul style="list-style-type: none"> a. an unconditional sale (whether by way of a single transaction or a series of transactions) to a third party of 90% or more of the Company's issued shares; b. an asset sale (whether by way of a single transaction or a series of transactions) of all, or substantially all, of the Company's assets or remaining assets to a third-party; c. following an event of default; d. the end of Term. 3. The Company may otherwise, at any time and subject to prior conversion, repay all of the outstanding Convertible Notes at 140% of the outstanding Face Value plus any accrued but unpaid Interest at any time throughout the Term.
Warrants	Noteholders will receive 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. Any shares issued upon exercise, will rank pari passu with the ordinary shares of the Company.

	<p>The grant of the Warrants is subject to obtaining shareholder approval for a maximum of 22,500,000 Warrants within 90 days of the Issue Date. If grant of the Warrants is not approved by shareholders, the Company will be required to repay the Convertible Notes at a rate of 150% of the outstanding Face Value of the Convertible Notes in lieu of the Company granting the Warrants. The terms of the Warrants will be set out in the notice of meeting for the extraordinary general meeting.</p>
Quotation	The Convertible Notes and the Warrants will not be quoted.
Voting	There are no voting rights attached to Convertible Notes or the Warrants.
Warranties	The Company has given warranties to the subscribers for notes on terms usual for a transaction of this kind.
Security and guarantee	<p>Each of the Company's subsidiaries guarantees the obligations of the Company under the documentation for the Convertible Notes.</p> <p>The Company and each of its subsidiaries will grant the Noteholders a first ranking security with a fixed and floating charge over its assets pursuant to a general security deed. The Noteholders will enter into an intercreditor agreement regarding the priority of their security.</p> <p>The Company will require the Noteholders' approval to issue any equal or higher ranking debt or to create a security interest over any of its or its subsidiary's assets (other than limited exceptions in the ordinary course of trading).</p> <p>The general security deed and the intercreditor agreement are otherwise on terms usual for agreements of this nature.</p>

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

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