



ASX Announcement

27 February 2024

H1 FY24 Results Presentation

BRISBANE, Australia - In accordance with the Listing Rules of the Australian Securities Exchange (**ASX**), XPON Technologies Group Limited (ASX:XPON), (**XPON**) encloses for immediate release its Investor Presentation with respect to the H1 FY24 Financial Results.

This announcement was authorised for release by the Board of XPON Technologies Group Limited.

-ENDS-

For further information, please contact:

investors@xpon.ai

For media inquiries, please contact:

marketing@xpon.ai



XPON Technologies Group Limited

FY24 Interim Results Presentation

27 February 2024



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.



Basis of presentation

- The following presentation and commentary have been presented on a continuing business basis, excluding all revenue and expenses associated with the App Mod business divested in December 2023.



Key highlights

Martech revenue
resilient with 2
quarters of
consecutive growth¹

Annualised cost
base reduced by
c25%² compared to
FY23

AI impact on
Martech exploding,
Wondaris has
integrated AI and
well positioned to
leverage AI to grow
scale

Note:

1. QoQ Martech revenue growth in Q1 FY24 and Q2 FY24 - continuing business only

2. % reduction as compared to the FY23 cost base (cost of sales and operating expenses) as disclosed in the FY23 Annual Report



Key Operating Highlights

Starting to see the benefit of right-sizing and refocusing operations

- **Revenue Momentum** - two consecutive quarters¹ of Martech revenue growth
- **Customers** - 7 new customers were landed and 19 existing customers were expanded during the half year
- **Costs reduced significantly** - c\$4.5m in annualised cost savings executed, excluding App Mod divestment
- **App Mod business divestment** - completed in December 2023, bringing total cost reductions to c\$5.8m per annum, a c25%² reduction in the cost base since May 2023
- **Awards** - Won Google's Advanced Data & AI award and the Google Marketing Platform Maturity Megastar award
- **Post reporting date** - Convertible Note raising of \$1.125m additional funding in Feb 2024

Note:

1. QoQ Martech revenue growth in Q1 FY24 and Q2 FY24 - continuing business only

2. % reduction as compared to the FY23 cost base (cost of sales and operating expenses) as disclosed in the FY23 Annual Report



Key financial metrics - H1 FY24 comparison ¹

Financial metrics are presented on a continuing business basis (excluding all revenue and expenses

associated with the App Mod business divested in December 2023)

\$4.5m  4%

REVENUE

\$3.3m  1%

GROSS PROFIT

\$(1.8m)  49%
improvement

ADJUSTED EBITDA²

75%  4ppt

GROSS PROFIT MARGIN

Note:

1. Audited with the exception of Adjusted EBITDA which is an unaudited metric. Compared to H1 FY23

2. Adjusted EBITDA is an unaudited metric calculated by excluding discontinued operations and write off of related party loans receivable



Profit & Loss summary

Half-year ended 31 December	31-Dec-23 \$'000	31-Dec-22 \$'000	Movement %
Revenue	4,465	4,633	(4%)
Cost of sales	(1,137)	(1,334)	15%
Gross profit (A\$)	3,328	3,299	1%
Gross profit margin %	75%	71%	4%
Other income	60	107	(44%)
Operating expenses	(5,140)	(6,855)	25%
Adjusted EBITDA (A\$) ¹	(1,752)	(3,449)	49%

Note:

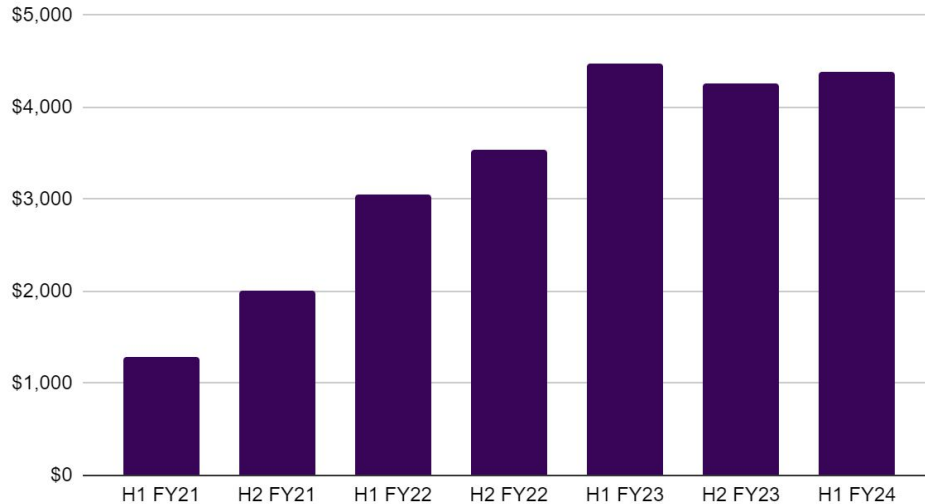
1. Adjusted EBITDA is an unaudited metric calculated by excluding discontinued operations and write off of related party loans receivable

- **Revenue** decreased by 4% to \$4.5m, a result of tighter customer marketing budgets impacting advertising spend, particularly in the first quarter.
- **Gross Profit** grew by 1% to \$3.3m and **gross margin** expanded by 4 pts, assisted by the higher margin revenue mix.
- **Operating expenses** decreased by 25% to \$5.14m benefiting from the cost reductions implemented since May 2023 which amount to annualised cost savings of c\$4.5m.

Martech revenue



Martech Revenue by half



- Martech revenue down 4% YoY from historic peak (H1 FY23). Half on half growth of 3%.
- Continued resilient customer retention rate of 99.4%. Seven new customers landed and 19 expanded in the half.
- Focus on driving new organic growth opportunities in Australia and the UK markets.

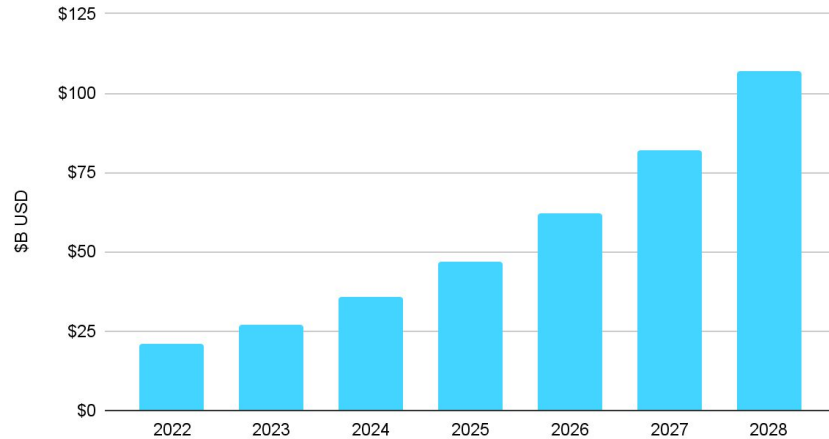


XPON's AI capabilities recognised

XPON won Google Marketing Platform Advanced Data & AI and Maturity Megastar awards for 2023.

XPON has embedded AI in our MarTech solutions.

AI spend in marketing¹



Note:

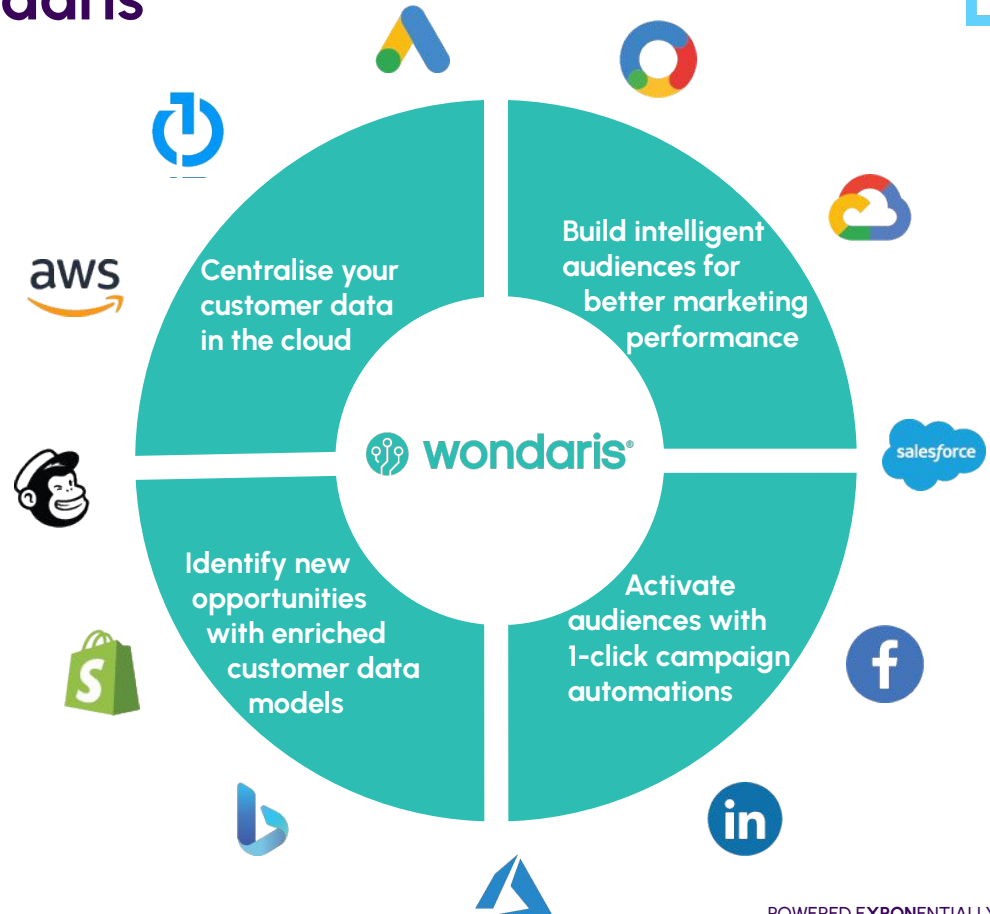
1 and 2. Source: <https://t.ly/fRPyW>

- Marketing predicted to be leading adopter of AI
- Forecast 31% CAGR to \$107B in AI marketing spend from 2022 - 2028
- Companies that implement AI technologies see a 451% increase in qualified leads²

AI embedded within Wondaris



- Continued IP innovation
 - AI to enrich customer insights
 - faster time to value for customers
 - platform integrations to accelerate value
- Competitive differentiator
 - Modular tools reduce initial customer investment and product activation time
 - Customer-enabled Machine Learning. Make-your-own models





Outlook and priorities



Outlook and priorities

Clear priorities for the balance of the financial year:

- Build on resilient revenue base:
 - Continue to grow and convert pipeline of new customers, retain and grow revenue from existing customers
 - Continue to leverage the Google relationship for AU and UK growth
- Continue to monitor and manage the cost profile of the business to achieve targeted cashflow break-even in FY25
- Capitalise on AI advantage with continued innovation of Wondaris modules to accelerate customer sales cycles and value realisation
- Explore strategic opportunities to bolster XPON's medium / long term value creation
- Ensure XPON maintains a strong corporate culture and highly motivated team, by maintaining strong employee engagement

Appendices





**XPON is a marketing
technology company.**

**Our mission is to
modernise marketing and
customer experience.**



POWERED EXPONENTIALLY



XPON's products and services create a better ROI for businesses by:



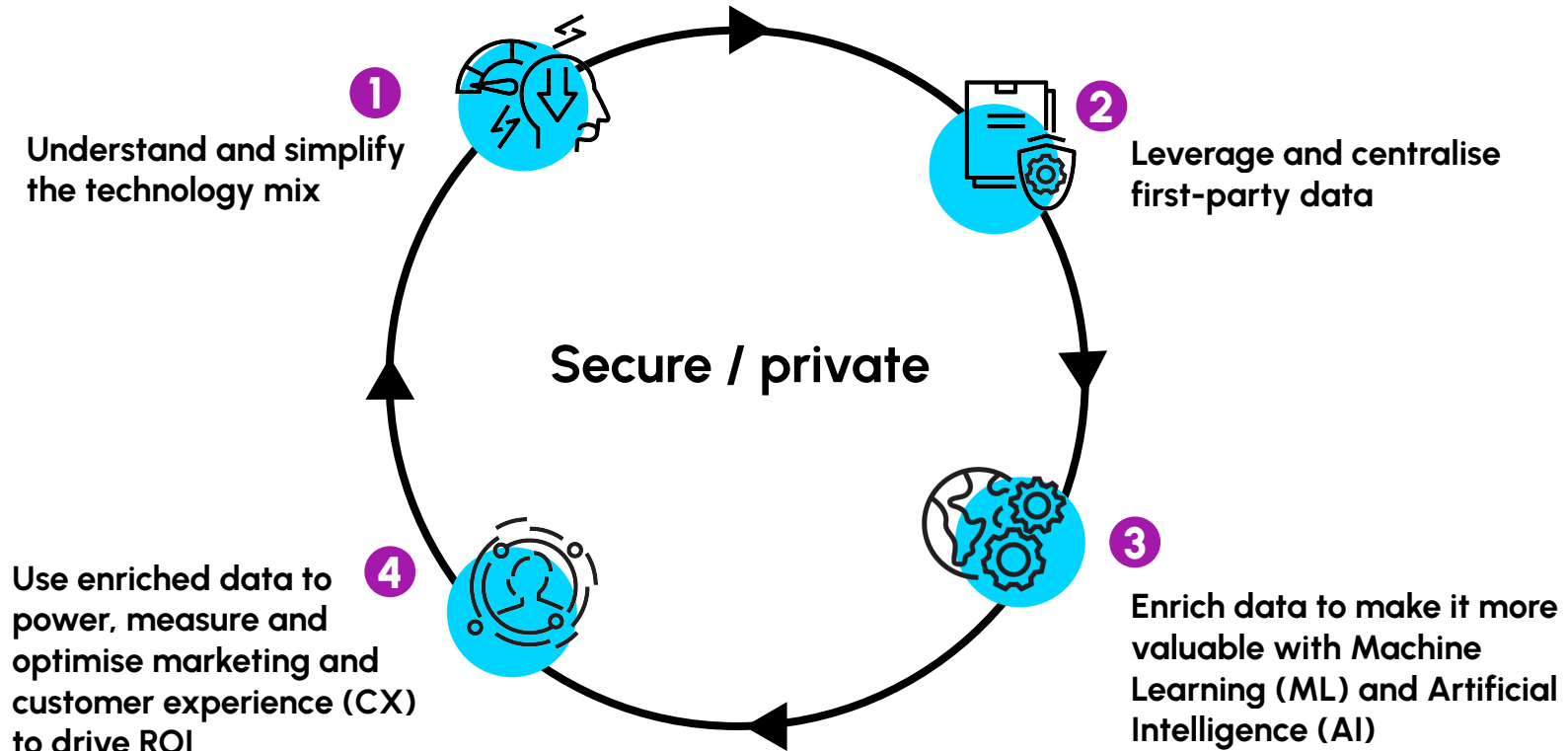
Improving targeting and measurement to increase marketing effectiveness



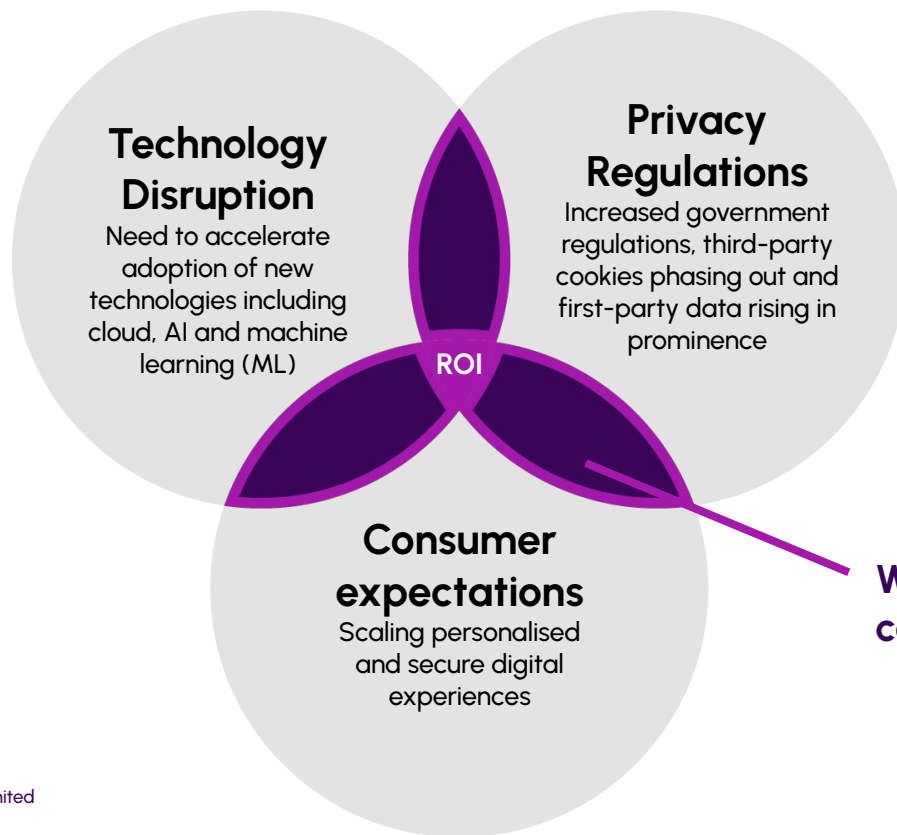
Activating customer data to deliver more personalised and profitable customer experiences



How we help customers improve their marketing ROI



Businesses face increasing complexity in achieving marketing ROI due to:



We help simplify the complexity and maximise ROI

Blue-chip Martech customers with high retention



Financial services



Retail & travel



Media & entertainment



Education





Contact

For investors:

investors@xpon.ai

For media:

marketing@xpon.ai

