XPON Acquires Alpha Digital to Accelerate AI-Powered Growth.

XPON Technologies Group Limited (ASX: XPN) ("XPON" or "the Company") is pleased to announce it has entered into a binding agreement to acquire 100% of the shares in Alpha Digital Design Consultants (Aust) Pty Ltd, a leading Australian digital marketing business with settlement to expected to occur in May 2025 (subject to standard settlement conditions).

HIGHLIGHTS

- **Strategic Acquisition:** XPON acquires Alpha Digital, a leading Australian digital marketing business and long term channel partner of XPON. Settlement due 6th May 2025 (subject to standard settlement conditions).

- **Immediate Value Accretion:** Alpha Digital generated $4.6M revenue and $0.7M EBITDA (unaudited) in the last financial year and brings approximately $1M cash at bank, enabling XPON to fast-track the journey to positive cash flow and EBITDA profitability.

- **Value-aligned Deal Structure:** $1.72m at completion comprising $180,000 XPON shares on closing and $1.54m vendor loan at 8% p.a. over 3 years (subject to standard settlement adjustments). An additional $891,000 in performance based 2 year earn-in linked to EBITDA growth targets in FY26 ($0.8m EBITDA target) and FY27 ($1.1m EBITDA target).

- **Accelerating AI transformation:** Deploy our leading AI capabilities to accelerate the AI transformation of Alpha Digital to immediately offer a wider range of competitive AI solutions and help it become more valuable and profitable.

- **Smart acquisition of customers in key verticals:** Alpha Digital provides a strong foothold of strategic blue-chip customers in key vertical industries including Target, K-Mart, QUT, and Stone & Wood with 87% of revenue from recurring contracts.

- **Revenue synergies maximise customer value & growth:** Combining XPON's existing solutions with new products and offerings of Alpha Digital to provide customers a wider range of integrated solutions under a single roof - simplifying procurement and accelerating ARPU growth through cross sell opportunities for both XPON and Alpha Digital.

- **Watch Investor Presentation** video at https://investorhub.xpon.ai/link/weYR9r

SMART ACQUISITION ACCELERATING GROWTH AND PROFITABILITY

This acquisition creates a repeatable Acquire → AI Enable → Cross Sell M&A playbook that will leverage an AI-powered approach to bring together complimentary marketing technology and services businesses.

XPON's Founder and Group Managing Director, Matt Forman, commented: "Alpha Digital is the perfect first acquisition to power our growth strategy. Together with Alpha Digital's strong foothold of strategic customers, our new combined offering creates an integrated suite of advanced AI marketing solutions that help businesses acquire, retain and monitise customers with transparent and simplified procurement under a single roof."

Matt Cooper, Founder and CEO of Alpha Digital added: "XPON and Alpha have collaborated for years. Their AI and data capabilities perfectly complement our data-driven marketing, enabling us to deliver even greater value to our clients. In this new era of AI-powered digital marketing, Alpha Digital *powered by XPON* will have a clear competitive edge."

VALUE ALIGNED DEAL STRUCTURE DESIGNED FOR GROWTH

XPON has acquired 100% of Alpha Digital Design Consultants (Aust) Pty Ltd on a value aligned deal structure paid over time as outlined below:

Component	Amount	% of total	Timing	Details
Completion Shares	$0.18M	7 %	Day 1	Issued at 15-day VWAP (9th Apr – –2nd May).
Vendor Loan	$1.54M	59 %	Years 1-3 (8 % p.a.)	Principal $1.54 m, 8 % interest over 3 yrs. Standard settlement adjustments apply.
Performance Earn In	Up to $0.89M	34 %	FY26 & FY27	$445.5k FY26 + $445.5k FY27 if EBITDA targets met. Cash or XPON shares at 15 % discount to 15 day VWAP, floor $0.015 per share
Upfront Consideration	**$1.72M**	**66%**		
Maximum Total Consideration	**Up to $2.61M**	**100%**		

The Completion Shares, valued at $0.18M, will be issued under existing ASX Listing Rule 7.1 capacity.

The issue of any shares under the Performance Earn In will be subject to shareholder approval, it is intended that approval will be sought at the 2025 Annual General Meeting. If approval is not obtained, any Performance Earn In will default to a cash payment.

Alpha Digital *powered by XPON* will retain its brand and will continue to operate independently with specialised expertise and focus. . Back office and corporate functions will be centralised with XPON, unlocking scale efficiencies from our existing corporate infrastructure. Founder, Matt Cooper is continuing as CEO to drive growth. No changes will occur to XPON's Board or Senior Management.

IMMEDIATE FINANCIAL BENEFIT

- Immediately adds $4m in recurring revenue, fast tracking cash flow break even and EBITDA profitability
- c$1m cash at bank injection
- Expected to add at least $0.8m EBITDA in FY26.

BUILDING FOR THE AI FUTURE

The acquisition launches XPON's acquisition strategy with our future M&A approach targeting the tech-enabled digital marketing sector and built on 3 pillars:

1. **Accelerating AI transformation:** Deploy our leading AI capabilities to accelerate the AI transformation of acquired businesses making them significantly more profitable, valuable and competitive.
2. **Smart acquisition of customers in key verticals:** Target businesses with a strong foothold of strategic customers in the key vertical industries that XPON targets.
3. **Maximise customer value & growth:** Combining XPON's existing solutions with new products and offerings of acquired businesses provides customers a wider range of integrated solutions under a single roof. Simplifying procurement for the customer and accelerating ARPU growth through cross sell opportunities for XPON.

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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About XPON Technologies Group Limited (ASX: XPN)

XPON Technologies Group Limited is a leading AI marketing technology business with operations in Australia, New Zealand and the United Kingdom. We help businesses simplify complex marketing challenges and achieve superior ROI from their customers.

At the heart of our approach is the integration of data and AI, which powers our tools to predict consumer behaviour, automate marketing processes, and drive effective, data-driven decisions.

About Alpha Digital

Founded in 2011 Alpha Digital is a team of 25 respected digital marketing specialists in performance marketing, programmatic & video advertising, social & content marketing, SEO and analytics. The company has built strong relationships with 40+ enterprise and mid-market brands including Target, K-Mart, QUT, and Stone & Wood.

Appendix - Transaction Summary

Transaction Details	- XPON has entered into binding agreement to acquire 100% of the shares in Alpha Digital Design Consultants (Aust) Pty Ltd ABN 20 150 718 175 on a debt-free basis for an upfront consideration of $1,720,000 (subject to any completion settlement adjustments) and includes c$1m cash at bank. - Up to $891,000 in consideration linked to 2 year EBITDA growth targets in FY26 ($0.8m EBITDA target) and FY27 ($1.1m EBITDA target). - The transaction is expected to be completed on 6th May 2025 subject to standard settlement conditions.
Strategic Rationale	- Strong alignment with XPON's growth strategy, enhancing our position in the high-growth AI marketing sector. - Focused on our M&A pillars: acquiring customers in key verticals, accelerating AI transformation and maximizing customer value. - Adds strategic blue-chip clients with 87% recurring revenue, providing a stable foundation for growth. - Offers expanded solutions and cross-selling opportunities, increasing customer value and ARPU. - Leverages XPON's AI capabilities to transform Alpha Digital, driving efficiency and competitive advantage. - Creates new AI-first product opportunities across the combined customer base. - Immediately accretive, adding $4 million in recurring revenue and fast-tracking XPON's profitability - Expected to deliver over $0.8m EBITDAin FY26. - Establishes a repeatable model for future value-accretive acquisitions.
Funding & Terms	- The acquisition will be funded by a combination of the issue of new equity, vendor loan and performance based earn in:: $180,000 worth of XPON scrip issued at completion at the VWAP for the 15 days prior to settlement. Shares will be issued under existing ASX Listing Rule 7.1 capacity. - Vendor loan of $1,540,000 at 8% interest p.a over 3 years. Total loan amount subject to standard settlement adjustments. 2 year performance based Earn In $540,000 base earn in with potential for an additional $351,000 accelerator based on overachievement of FY26 and FY27 operating EBITDA targets: - FY26 - base EBITDA target of $800,000 with $270,000 available for achievement of 100% of target. Additional $175,500 available as accelerators for overachievement capped at 150% of $800,000 target ($1.2m) - FY27 - base EBITDA target of $1.1m with $270,000 available for achievement of 100% of target. Additional $175,500 available as accelerators for overachievement capped at 150% of $1.1m target ($1.65m) - Payable as cash or shares by mutual agreement. If

| | | can't agree defaults to cash. If paid as shares, issued at 15% discount to 15 day VWAP from the day the company releases its annual audited accounts with a share price floor of $0.015. Shareholder approval required for earn in shares which will be sort at 2025 AGM. If shareholder approval is not received, defaults to cash payment. |