



XPON Technologies Group Limited

# Q3 FY24 Investor Presentation

24 April 2024

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# Overview





# Key Highlights

## Right-sized and refocused operations positioned for the AI Martech shift

- **Revenue Momentum** - Martech revenue approaching all time high with three consecutive quarters<sup>1</sup> of revenue growth
- **Costs reduced** - \$5.8m in annualised cost savings realised
- **Customers** - 3 new customers were landed and 10 existing customers were expanded during the quarter
- **Refreshed board** - technology scale-up and M&A experience
- **AI** - uniquely positioned with recognised capability and the right solutions at the right time

**Note:**

<sup>1</sup> QoQ Martech revenue growth in Q1 FY24 and Q2 FY24 - continuing business only

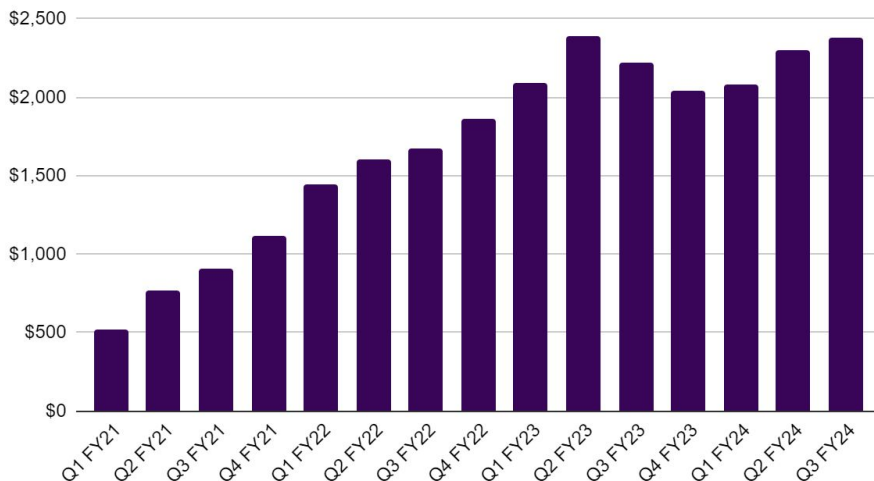
# Financial summary



# Martech revenue



**Martech Revenue by quarter**



- Continued resilient monthly customer retention rate of 99.4%.
- 3 new customers were landed and 10 existing customers were expanded during the quarter.
- Strong pipeline of new customers and expansion of existing customers underpinned by:
  - A hard end to 3rd party cookies in late 2024
  - AI disruption in the marketing industry.

# Key financial metrics<sup>1</sup>



	Q3 FY24	+/- Q2 FY24	+/- Q3 FY23
Martech revenue	\$2.4m	+3%	+5%
Martech gross profit	\$1.8m	-2%	+7%
Martech gross margin	75%	-4 pts	+2 pts

- **Martech revenue** up 5% YoY to \$2.4m, approaching record levels.
- **Martech gross profit** up 7% YoY to \$1.8m and **gross margin** expanded by 4 pts, assisted by the higher margin revenue mix.
- **Robust financial profile** The Martech business shows strong underlying financial strength, net of public company and corporate costs which were \$0.6m in the quarter.

Note:  
1. Unaudited



# Leading position in AI Marketing

POWERED **EXPONENTIALLY**





# Marketing's evolution

## 1990's (Marketing 1.0): TRADITIONAL MARKETING

- **Key Focus:** Product-oriented marketing, print and broadcast ads, direct mail.
- **Technology:** Basic computing, early internet access.
- **Approach:** One-way communication with mass marketing, focusing on product features.

## 2000's (Marketing 2.0): DIGITAL MARKETING

- **Key Focus:** Customer orientation, emergence of SEO, email marketing.
- **Technology:** Rise of the web, analytics tools, basic mobile technology.
- **Approach:** Two-way communication starts, with targeted ads and basic online presence.

## 2010's (Marketing 3.0): SOCIAL MEDIA MARKETING

- **Key Focus:** Value-driven marketing, content marketing, influencer partnerships.
- **Technology:** Social media platforms, advanced web analytics, mobile apps.
- **Approach:** Interactive and engaging marketing with a strong focus on brand stories and values.

## 2020's (Marketing 4.0): AI-DRIVEN MARKETING

- **Key Focus:** Personalisation at scale, AI for predictive analytics, programmatic advertising.
- **Technology:** AI, machine learning, big data, IoT integration for omnichannel marketing.
- **Approach:** Hyper-personalisation with AI-driven insights, automation of marketing tasks, dynamic content.



# What is AI Marketing?

AI Marketing is the use of artificial intelligence to enhance marketing outcomes and automate marketing tasks.

The predominant forms of AI in marketing are:

## Predictive AI

for forecasting customer behaviours

## Generative AI

for creating content

## AI automation

for streamlining repetitive tasks

- **AI can analyse** vast amounts of data such as customer purchases, browsing behaviour and brand interactions.
- Utilising these insights, **AI enables highly personalised marketing messages**, targeted advertising and product recommendations.
- **AI can also generate content** and select the content types most likely to engage and convert, based on the data-driven insights it gathers.

It ultimately optimises customer engagement and conversion rates.



# Why is AI disrupting marketing?



**GLOBAL PLATFORMS** (like Google & Meta) are deeply embedding AI into their advertising solutions - automating a lot of activities traditionally done by marketers and agencies. This means marketers and agencies must focus on capturing and using data more effectively to inform the AI's.



**CMO's** are under continued pressure to do 'more with less' and are demanding more holistic solutions that include content, media, data and AI from their marketing agencies.



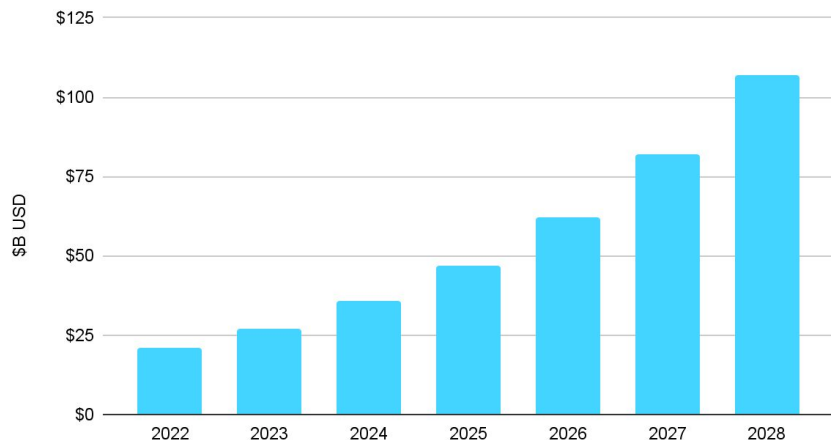
**MARKETERS** are dealing with increasingly large amounts of complex data that is becoming more regulated with changes in privacy laws. This complexity necessitates the adoption of AI to help simplify.

**AI has a flywheel effect on business results, the more it is used the better the results get and the stronger the differentiation from competitors. Businesses that don't adopt AI marketing quickly will fall behind.**

# AI marketing adoption is accelerating



## AI spend in marketing<sup>1</sup>



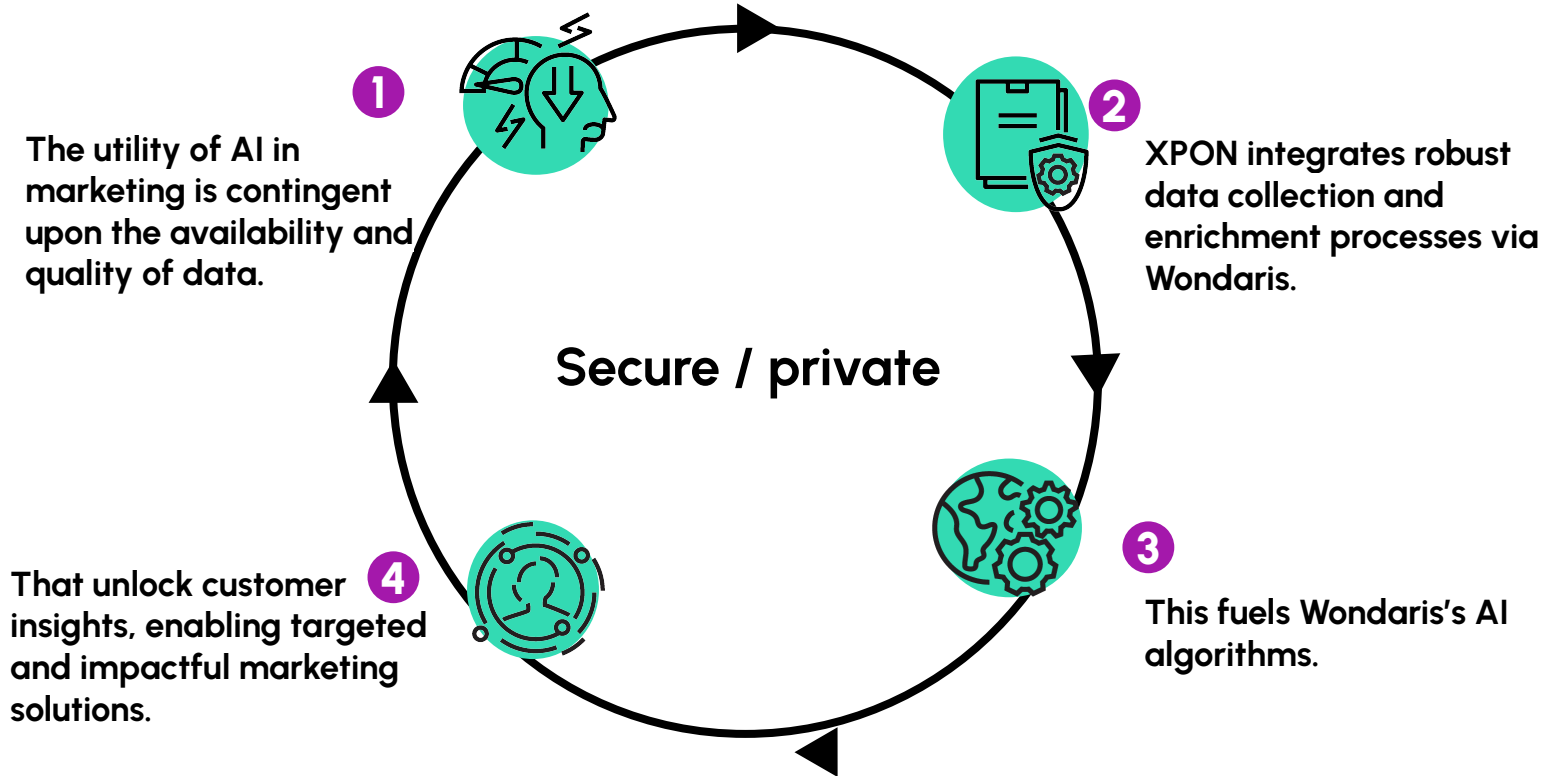
- Marketing predicted to be leading adopter of AI
- Forecast 31% CAGR to \$107B in AI marketing spend from 2022 - 2028
- Companies that implement AI technologies see a 451% increase in qualified leads<sup>2</sup>

**Note:**

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



# XPON's software and services enable AI adoption





# The marketing landscape is rapidly shifting

## Today (traditional marketing)

- Dependency on third-party data
- Reliance on manual segmentation and targeting
- High dependency on human intuition for decision-making
- Broad, unfocused marketing campaigns
- Slow reaction to market changes
- Basic analytics and retrospective data analysis
- Bespoke content creation
- Limited personalisation due to scalability constraints
- Manual A/B testing for optimisation

## Tomorrow (AI-driven marketing)

- Enhanced use of first-party data enriched by AI
- Automated, real-time segmentation using AI
- Data-driven decisions made by AI with minimal human bias
- Highly targeted and efficient marketing campaigns
- Rapid, dynamic response to market shifts using AI
- Predictive analytics and proactive strategy adjustments
- Personalised content generation by AI based on user behavior
- Mass personalisation at scale without increased human resources
- Continuous, automated A/B testing and optimization

## XPON



✓ with agency partners

✓ with agency partners

✓ with agency partners

# XPON's AI capabilities recognised

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



## THE AUSTRALIAN FINANCIAL REVIEW

28 Marketing & Media

The Australia

Edited by Sam Buckingham-Jones

### Google warns of AI threat to ad jobs

#### Exclusive

Sam Buckingham-Jones

Google held an intimate dinner with executives from some of Australia's biggest independent advertising agencies to tell them that artificial intelligence will eat their lunch if they remain passive in the face of the digital threat.

Google's AI products were getting better, the agencies were told. The role of humans in writing and placing certain ads that run on Google could soon be increasingly served by AI and machine learning models.

About 10 ad agencies went to the private function, held at a restaurant called The Blue Door in Sydney's Surry Hills on March 14. Multiple people with knowledge of the event and discussions, who did not wish to be named due to sensitive commercial relationships, said a key takeaway – spun more optimistically – was that AI tools could free up resources for more lucrative work.

It was a warning issued out of what Google said was a "duty of care" for the ad industry, sources said. Google told agencies certain roles were being rapidly commoditised and its advertising

products, like Google Ads and Google Performance Max, were starting to do a better job at some tasks than humans. Google disputes this account.

"Incorporating AI into the advertising process does not diminish the role of agencies and advertisers. Their knowledge of their clients' customers and business – and the inputs they provide – allow them to guide the AI toward achieving the best results," a Google spokesman said.

Google's AI technology, he added, "improves both productivity and creativity, freeing people up to focus on work that adds the most value".

The agencies present represented hundreds of millions of dollars in annual billings on behalf of big brands and government entities. They included News Corp-owned News Xtend, XPON, Sparro, Atomic 212, Incubeta, Digital Minds Group, Webprofits and Havas Media. After *The Australian Financial Review* inquired about the dinner, Google contacted agencies asking them for positive takeaways.

AI has become an indispensable part of many business functions over the past few years. The risks and opportu-

nities it poses to the ad industry are enormous.

An IMF discussion paper last year found that AI could displace millions of jobs in the supply chain and government entities. The

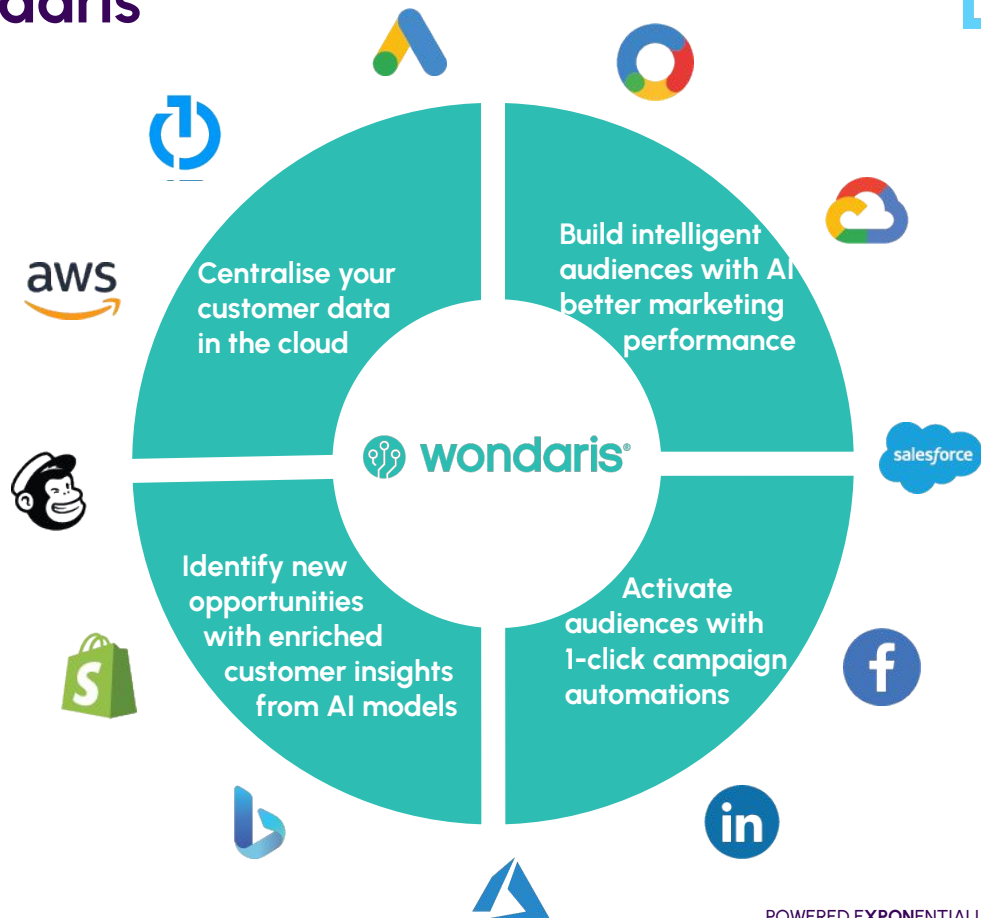
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It is both a warning and an opportunity, the source said. "AI has become an indispensable business function for our customers we serve," all possible. It made \$8.4 billion in 2022, James Dixon said.

# AI embedded within Wondaris

The continuous improvement of Wondaris into modular, pre-built AI use cases enables customers and marketing agencies to quickly deploy our tools.

This allows customers to automate tasks and predict insights for deploying hyper-targeted advertising in digital channels.







# With a blue-chip Martech customer base that is deploying XPON's AI solutions

## Financial services



## Retail & travel



## Media & entertainment



## Education



# AI Case Study - Global Travel Brand



**AI Model:** Predictive & Generative

**AI Use Case:** Improve service quality & customer engagement

**AI Outcomes:** Operational efficiency and uplift in customer sentiment



# 1560

Hours of  
manual effort  
saved in 2023



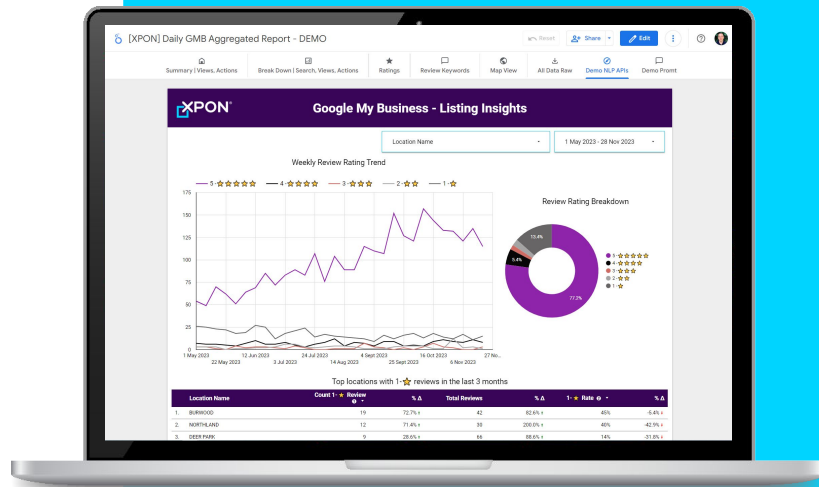
# 33%

Increase in  
average customer  
sentiment



# 76%

Reduction in  
1-star  
reviews



# AI Case Study - Financial Services Brand

**AI Model:** Predictive

**AI Use Case:** Customer acquisition, media efficiencies

**AI Outcomes:**

- Automated high-value audience segmentation based on churn and propensity to buy.
- Ability to then also build and activate lookalike and exclusion audiences

# 63%

Increase in  
Display CTR<sup>1</sup>

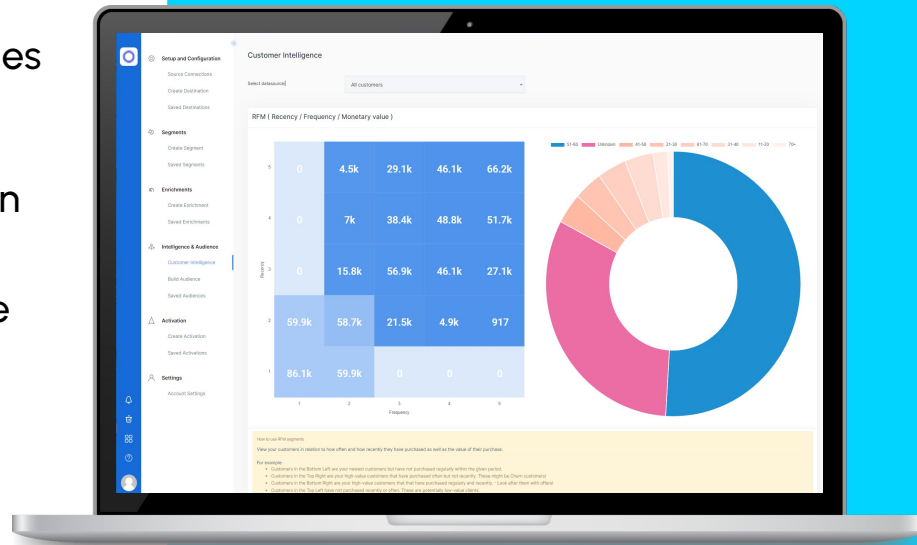
1. Click through rate

# 25%

Decrease in  
Display CPC<sup>2</sup>

# 13%

Increase in  
Discovery CTR



# Outlook and priorities





# Outlook and priorities

- Capitalising on the market position as a leader in AI marketing technology
  - Continued AI innovation with Wondaris modules to accelerate sales cycles and value realisation for customers
- Driving organic revenue growth and sustainable profitability
  - Continue to leverage the Google relationship for pipeline generation
- Exploring strategic partnering, sell-side and buy-side M&A opportunities to enhance shareholder value
- Ensure XPON maintains a strong corporate culture and highly motivated team
- Continue to monitor and manage the cost profile of the business in line with business performance to achieve targeted cashflow break-even in FY25



## Contact

For investors:

[investors@xpon.ai](mailto:investors@xpon.ai)

For media:

[marketing@xpon.ai](mailto:marketing@xpon.ai)

