



## ASX Announcement

22 August 2023

### XPON FY23 Preliminary Final Report and Appendix 4E

XPON Technologies Group Ltd (ASX:XPON) (**XPON** or the **Company**), a marketing technology company helping businesses modernise their marketing and Customer Experience (CX) in Australia, New Zealand, the United Kingdom, and Europe, is pleased to release its preliminary final report (audited) for the year ended 30 June 2023.

#### Key Highlights

- **Continued growth in financial results achieved during FY23** including:
  - Revenue increased 13% to \$15.1m
  - Gross profit rose 22% to \$10.4m
  - Gross profit margin increased 4 ppts to 69%
- Sufficient cash balance of **\$4.4m** as at 30 June 2023 to maintain strategy and drive growth
- On-track for achievement of **targeted cash flow break-even in FY24** with meaningful contribution from App modernisation revenue expected to remain in the mix
- **More streamlined organisational structure** to drive towards profitability and realign the cost base to market conditions - estimated annualised cost savings of at least **\$3m**
- **28** new customers landed and **44<sup>1</sup>** existing customers expanded during the year
- **Further Wondaris enhancements and integrations** including Salesforce, Zapier and Trade Desk
- **Won several important awards** from key thought leaders and channel partners.

#### Key Annual Financial Metrics - FY23 vs FY22<sup>2</sup>

Year ended 30 June	FY23	+/- FY22
Revenue	\$15.1m	+13%
Gross profit	\$10.4m	+22%
Gross margin	69%	+4 ppts
EBITDA <sup>3</sup>	(\$7.3m)	+73%
Net profit after tax - Statutory	(\$8.6m)	+37%
Cash at bank	\$4.4m	-\$3.8m

<sup>1</sup> 30 unique customers expanded during the year

<sup>2</sup> EBITDA is an unaudited metric - all other metrics are audited. All figures presented are normalised unless otherwise stated

<sup>3</sup> FY23 adjusted for \$0.8m restructure related costs and finance expenses and FY22 adjusted for \$1.9m IPO transaction related expenses and finance expenses

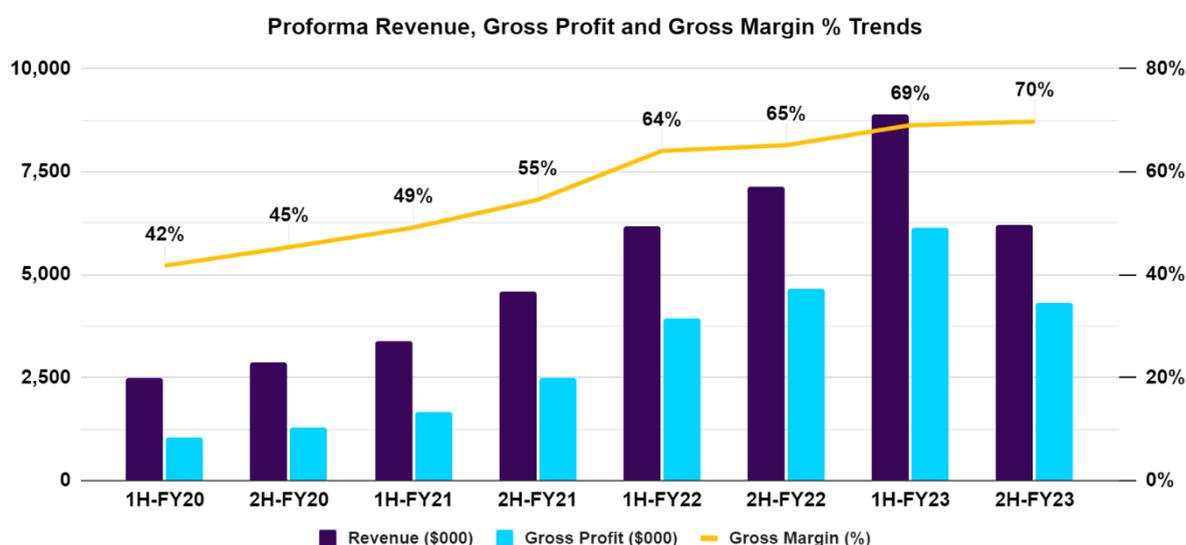


XPON closed the year with growth across key FY23 financial results including full year revenue climbing 13% to \$15.1m, benefitting from 28 landed customers and 44 expanded customers. Gross profit rose 22% to \$10.4m and gross margin increased by 4% pts to 69%.

Cash position as at 30 June 2023 stood at \$4.4m, which, based on current assumptions, the Company believes is sufficient to support its target of achieving cash flow break-even in FY24.

In line with the Group’s growth strategy of increased investment in sales & marketing, product development and delivery capacity, resulted in an EBITDA Loss of \$8.0m and a Net Loss after tax of \$8.6m. The business restructure in the second half of FY23 realigned the cost base with growth expectations driven by market conditions, and delivers annualised cost savings of at least \$3m.

Over the three years to FY23, XPON has achieved a proforma revenue CAGR<sup>4</sup> of 41%, gross profit CAGR of 52% and gross margins have climbed by 13 pts to 69%.



During the year, XPON received recognition from notable thought leaders and channel partners, including achieving the 15th position in the Deloitte Fast 50 Rising Star awards and the 59th position in the Australian Financial Review Fast 100 Starter awards. Additionally, XPON was acknowledged by Google as a premier reseller and Google Cloud Partner. The company was honoured with the Partner of the Year 2022, Best Collaboration, and Loudest Voice awards at the Google Marketing Partner awards.

<sup>4</sup> Proforma financial information - includes acquisitions as if the UK and Internetrix businesses had been acquired from 1H FY20. CAGR is 3 years from FY20 to FY23.



## Outlook and Priorities in FY24

XPON remains committed to delivering on its cash flow break-even target in FY24 and to building a sustainable platform for long-term growth. The Company continues to focus on the following priorities:

- Targeting cash flow break-even in FY24 - recurring revenue and non-recurring project services revenue to drive outcome
- Focused cost management to maintain alignment with market conditions and drive towards profitability
- Continued focus on customer acquisition in key customer segments to drive high margin, recurring revenue
- Ongoing investment in Artificial Intelligence (AI) and Machine Learning (ML) enhancements and integrations to extend the Wondaris ecosystem
- Maintain high monthly customer retention rate and service quality (measured by NPS)
- Leverage Google channel partnership to further validate and grow new customer segments

**This announcement is approved by the Board of Directors of XPON Technologies Group Limited ACN 635 810 258**

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