



XPON Technologies Group Limited

FY22 results presentation

23 August 2022



POWERED EXPONENTIALLY

mal use only

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.

Agenda



- Company overview
- Key financial highlights
- Key operating highlights
- FY22 financial results
- Strategy and outlook
- Appendices

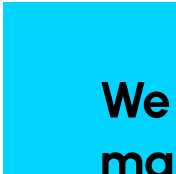


Company overview: XPON is a Cloud and MarTech company

XPON (ASX:XPON) is a founder-led Marketing Technology and Cloud Business providing mission-critical services and software solutions to businesses in Australia, New Zealand, the United Kingdom and Europe.

We strive to unlock exponential growth for our colleagues, customers, partners, communities, and shareholders. Our people implement a solid cloud foundation that helps our customers better leverage their First Party data, and our technology enables our customers to deliver a more valuable, personalised, and secure customer experience.

XPON is a remote-first organisation, with more than 135 talented colleagues around the globe. We are united in our purpose and Core Values - and approach our work knowing that we can realise Limitless Potential when we are Brave Enough; Lead with Curiosity; Own It, and Grow Together.



**We help businesses
make sense of their
customer data,**



**and use it to unlock
exponential growth.**

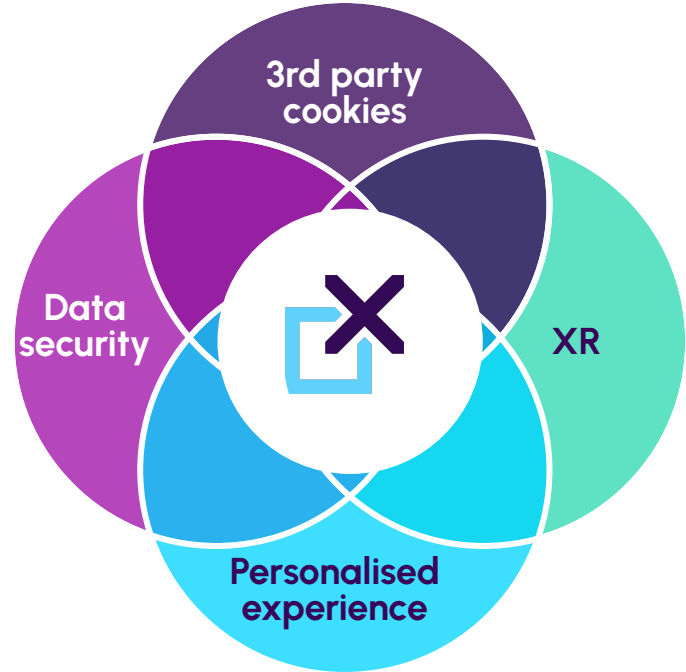




Macro business drivers

Convergence of trends position XPON for growth, including:

- the increased data privacy and security regulation by governments;
- the continued degradation of third-party advertising cookies;
- the increased demand for personalised experience by end consumers; and
- an increased awareness and interest around Extended Reality (XR) and the journey to the Metaverse based around XPON's Holoscribe platform



Scalable complementary offerings



XPON Technologies Group

Corporate Services

People & Culture
Brand & Marketing
Finance
Operations
IT

XPON Technologies

Initially lands a customer by deploying and optimising marketing technologies (MarTech) and advertising technologies (AdTech); leveraging Big Data Analytics (BDA) to improve marketing effectiveness; developing consumer-facing applications and digital experiences; supporting cloud infrastructure and technologies.

XPON Platforms



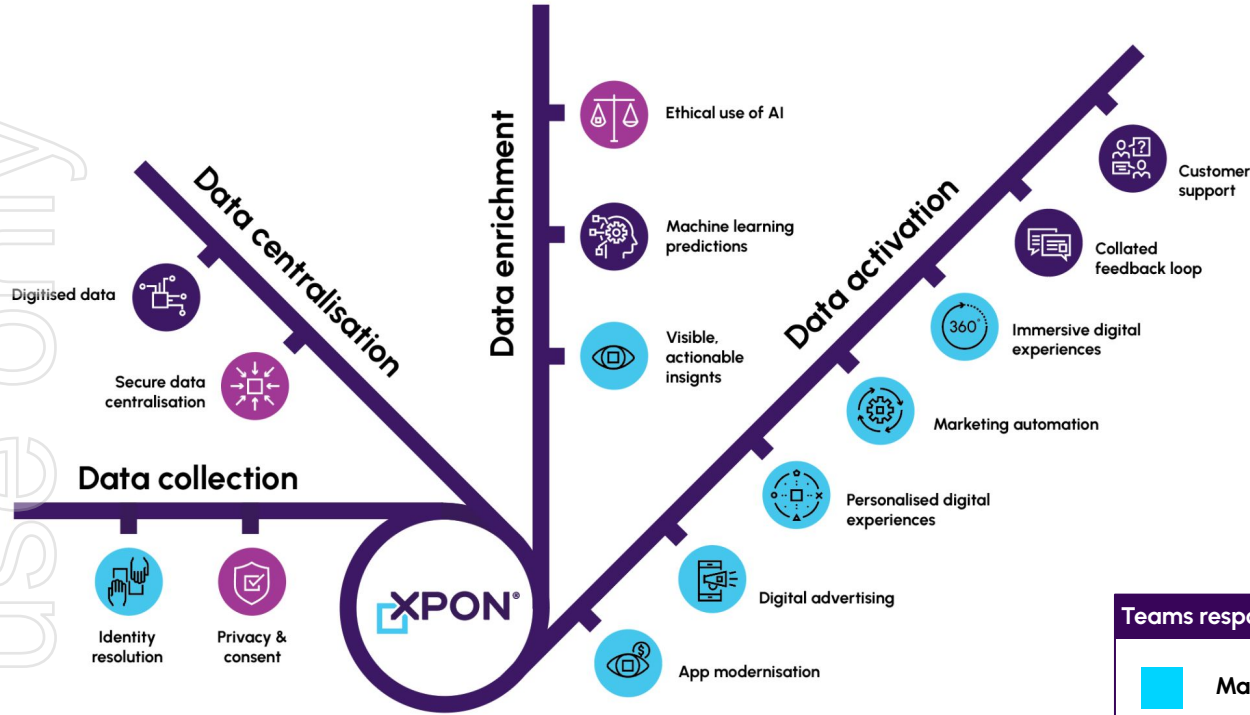
Develops innovative proprietary technologies - powered by machine learning (ML) and artificial intelligence (AI) - that enable businesses to create highly personalised, deeply immersive digital experiences with consumers.

XPON's flagship Customer Data Platform (CDP), Wondaris®, centralises customer and marketing data and generates actionable insights for automated campaign activation.

XPON's Extended Reality technology Holoscribe offers easy publication of 360-degree content that enables brands to create highly immersive digital experiences.



Industry value chain



XPON serves as a catalyst to break down data silos, so the organisation benefits from a secure, holistic view of their consumer.

Teams responsible



Marketing



Operations



IT



Formula for sustainable growth

 powered by strong
unit economics

Once-in-a-generation
opportunity (**LAND**)



Using our platforms,
technology, and people
(**EXPAND**)



**operating
leverage** →
targeting cash flow
break-even for full
year FY24

Key financial highlights

Strong performance continues across
all key metrics





FY22: Key annual metrics

Strong growth in FY22 vs. FY21

\$16.4m  78% ¹
ANNUALISED RECURRING REVENUE (ARR)

\$13.3m  145%
REVENUE

\$8.6m  169%
GROSS PROFIT

64.6%  6ppt
GROSS PROFIT MARGIN

\$8.2m
CASH

93% ²
RECURRING REVENUE

Note:

1. This operating metric has not been subject to review by auditors.

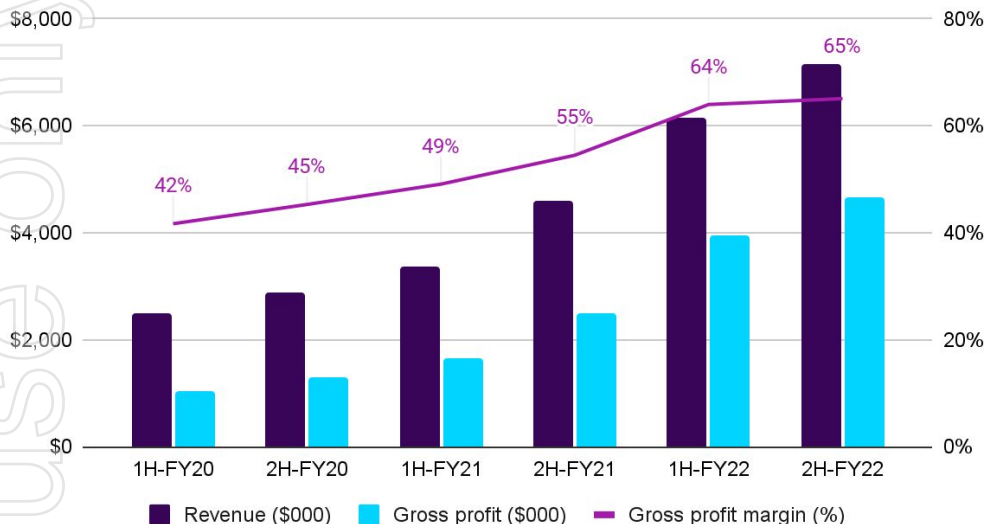
2. Recurring revenue % - recurring revenue as a percentage of total revenue for the annual period ended 30 June 2022: (unaudited)

Strong revenue growth and expanding margins¹



Revenue CAGR² of 42%, gross profit CAGR of 65%

Proforma Revenue, Gross Profit and Gross Margin % Trends



- Revenue growth - benefiting from successful land and expand strategy
- Gross profit - benefiting from higher margin product mix
- Gross profit margin - tracking towards targeted range of 70% - 80%

Note:

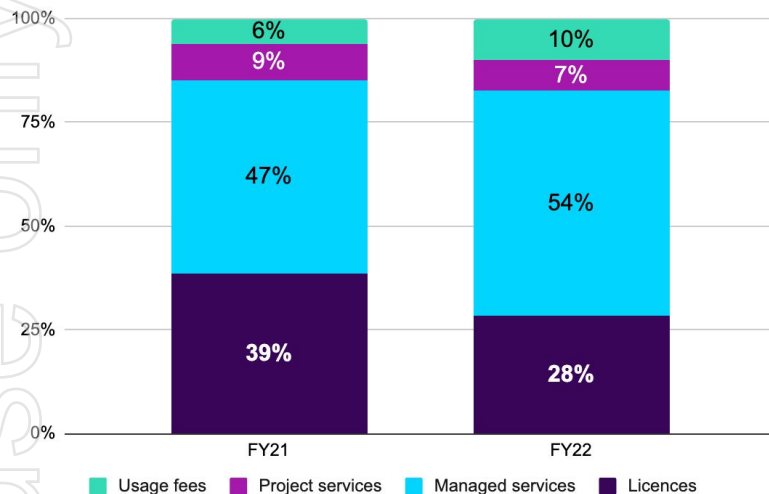
1. Pro forma Financial Information – includes acquisitions as if the UK and Internetix businesses had been acquired from 1H FY20.

2. CAGR is 2 years from FY20 to FY22

Driving revenue predictability and margin

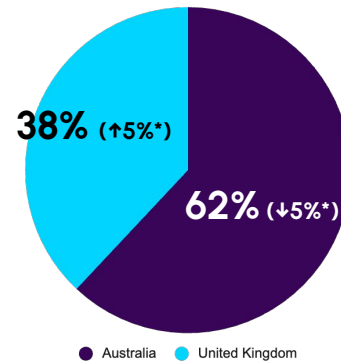


Revenue by type,

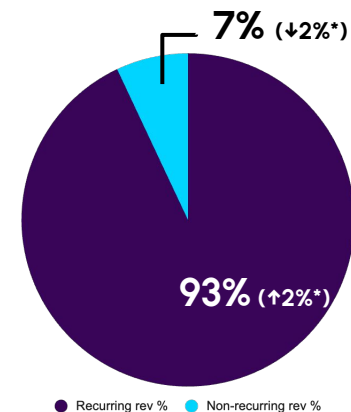


Note:
*ppts changed compared to FY21

Revenue by region

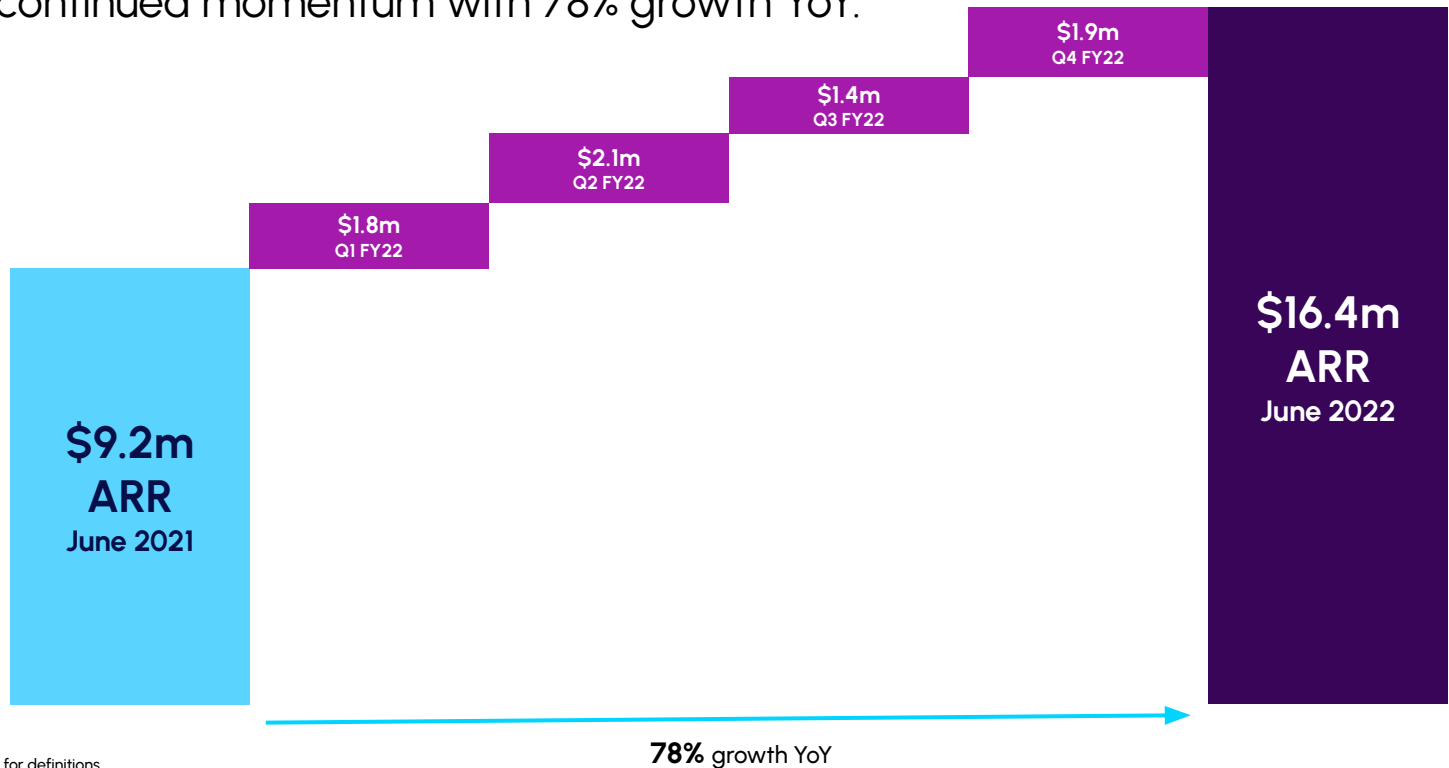


Recurring vs. non-recurring revenue





Strong continued momentum with 78% growth YoY.



1. Refer to glossary for definitions
2. This operating metric has not been subject to review by auditors.



Unit economics^{1,2,3}

XPON continues to exhibit compelling unit economics underpinned by the successful 'land and expand' strategy

99.5%↓

AVERAGE MONTHLY
CUSTOMER RETENTION RATE

160%↑

REVENUE RETENTION RATE

\$667k↑

LIFETIME VALUE PER
CUSTOMER

16x↓

LTV/CAC RATIO

\$43k↓

CUSTOMER ACQUISITION
COST (CAC)

8mth↓

CAC PAYBACK

\$136m↑

TOTAL CUSTOMER
LIFETIME VALUE

Note:

1. FY22 vs FY21

2. Refer to glossary for definitions

3. The unit economics have not been subject to review by auditors.

Key operating highlights

Progressing on our strategy



Successful 'land and expand' strategy



32 landed

Strong track record of expanding landed corporate & enterprise customers.

34 expanded¹

Including:



How XPON typically lands

- Marketing & CX maturity assessment, audit and roadmap
- Data collection, marketing analytics and foundational cloud infrastructure for first-party data ownership
- Cloud data solutions and modernisation of digital applications that deliver time-to-value

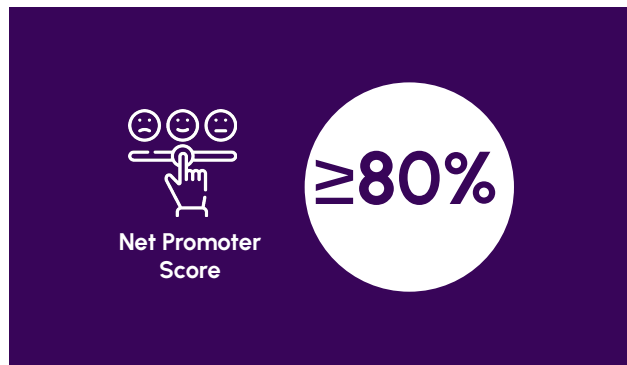
How XPON typically expands

- Consolidation of marketing and customer data with Wondaris CDP; operationalise ML and AI
- Leverage ML and AI automations for better customer insights, segmentation
- Scaling cloud solutions, real-time data and applications and immersive XR customer experiences

Note:

1. 26 unique customers expanded during the year. 34 includes customers expanding on multiple occasions.

Operating highlights



- Successful ASX listing
- Completed integration of Internetrix acquisition with Datisan into XPON Technologies

- Maintained NPS $\geq 80\%$
- Achieved 160% revenue retention by successfully expanding existing customer usage
- Google Marketing Platform Partner Awards, AU/NZ: Best Customer Use Case

- Further expanded sales and marketing capacity, including key exec appointment of Group CMO
- Scaled global delivery capacity and capability, finishing FY22 with 135¹ headcount and appointed Global Director - Delivery and Customer Success for July '22

Note:

1. Includes 15 on-demand contractors (remote).

Expanding the Wondaris® ecosystem

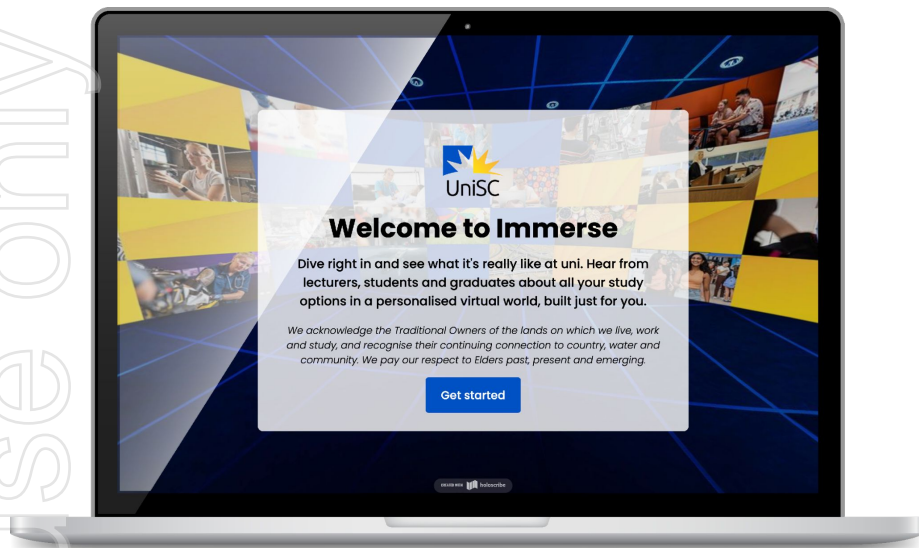


- Wondaris® selected as an ARN Innovation Awards finalist, which recognises Australian technology ecosystem innovation

- The Wondaris® platform achieves ISO27001:2013 certification for information security management in Q3

- Wondaris® integrates with Fivetran, enabling more than 180 additional data connections into the platform in Q2
- Wondaris® becomes a Google Customer Match Uploader (CMU) partner, an approved third party provider for Google Ads in Q4

Case Study: University of Sunshine Coast (UniSC)



Unable to provide an on-campus recruitment experience during the COVID-19 pandemic, UniSC needed an immersive, highly-personalised way to share its campuses with prospective students.

In its first year, UniSC's Virtual Open Day received more than 10,000 registered attendees, with an

average pages / session uplift of 3.7x*.

By leveraging the combined power of both XPON platforms, UniSC has been able to collect higher quality data in subsequent years, creating incrementally better digital experiences for school leavers, their families, and mature students' decision-making criteria.

<https://immerse.usc.edu.au/?f=Piari&s=Anderson&e=piarinia8%40gmail.com&p=4501&d=8&i=0,1,2>

Note:

*9.3 pages compared to 2.5 pages /session on static pages of UniSC's website.

© 2022 XPON Technologies Group Limited



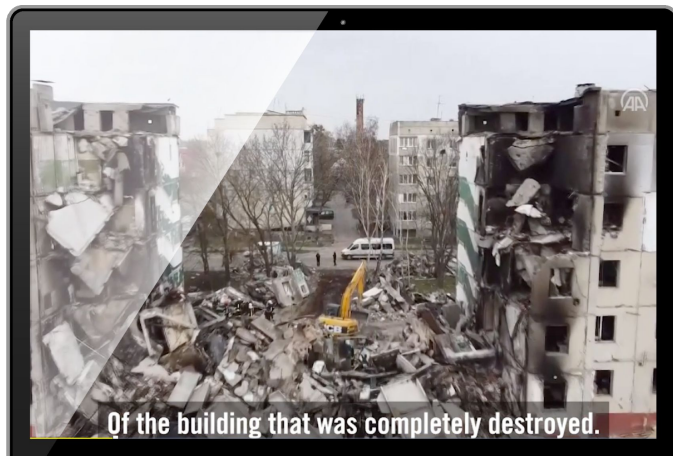
POWERED EXPONENTIALLY | 19

Case Study: Amnesty International - Digital Decoders



Documenting the situation in the Ukraine

Amnesty International's Digital Decoders provides tools to help its global network of volunteers research and document human rights violations



<https://amnesty-borodyanka.holoscribe.site/>



Volunteers in the Ukraine used Holoscribe to document and share a deeply immersive account of attacks in the city of Borodyanka



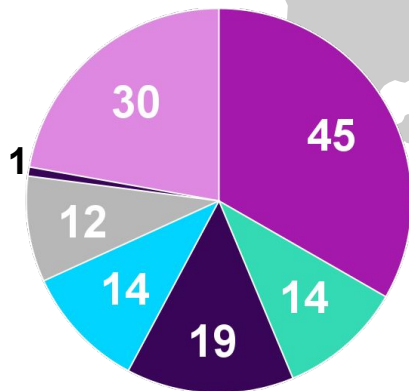
POWERED EXPONENTIALLY | 20



Growing team footprint

XPON expanded sales and delivery capacity, increasing total headcount to 135¹

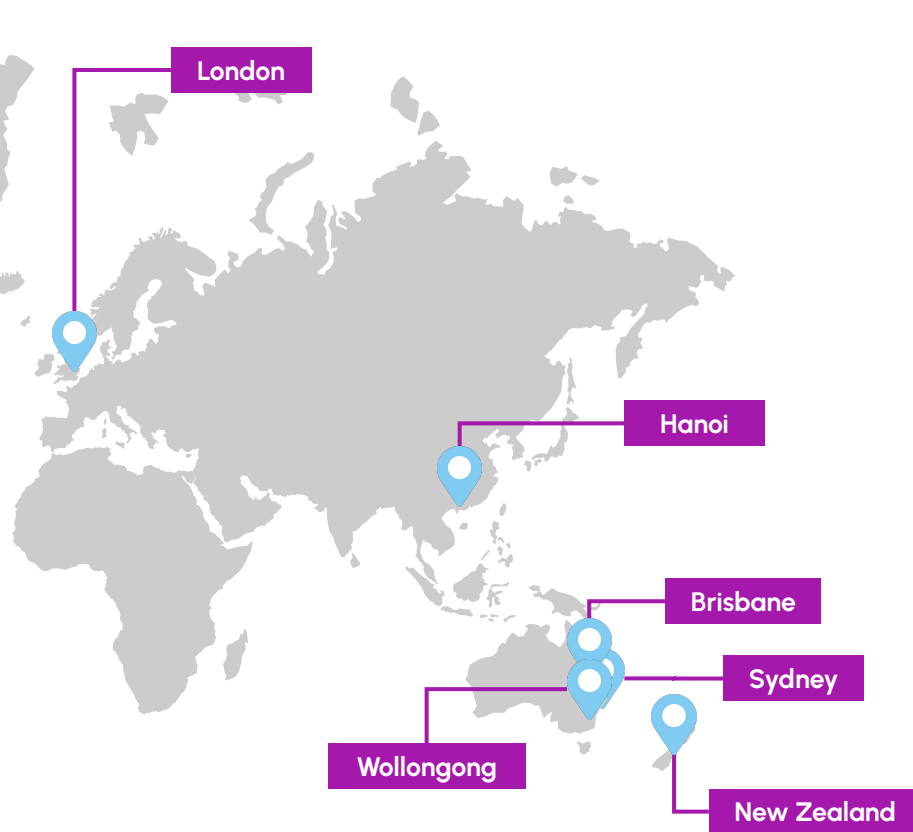
Team breakdown



Note:

Team breakdown as at 30 June 2022.

1. Includes 15 on-demand remote contractors



A strong culture to support the team



Certified as a
Great Place to
Work in AU, UK,
and Vietnam

- 97% of employees agree XPON is a great place to work
- 96% trust in leadership's ability
- 92% share a sense of ownership in the company, feel supported to contribute wholly

“

XPON is a people-first organisation where each individual feels heard and respected,”

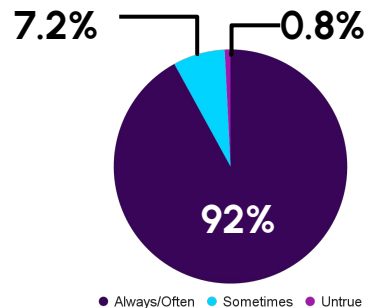
- Sumen, Data & Analytics Lead

“

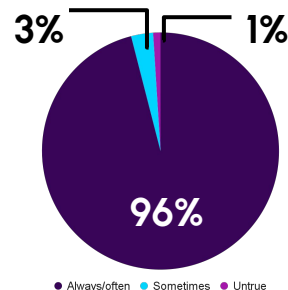
XPON lets you take ownership of your work and your career growth,”

- Trang, Talent Administrator

Share a sense of ownership, feel supported



Trust in leadership





FY22 financial results

Continued performance and growth
targeting cash flow break-even in full
year FY24

Profit & Loss summary



For the year ended 30 June	FY22 \$'000	FY21 \$'000	FY22 v FY21
Revenue	13,310	5,439	145%
Cost of sales	(4,717)	(2,240)	111%
Gross profit \$	8,593	3,199	169%
Gross profit margin %	64.6%	58.8%	6%
Other income	113	250	(55%)
Operating Expenses	(14,803)	(5,070)	192%
EBITDA	(6,097)	(1,620)	276%
Addback:			
Finance Expenses	43	6	
IPO / M&A related expenses	1,862	50	-
Adjusted EBITDA	(4,192)	(1,564)	168%

Note:

1. Adjusted EBITDA is calculated by adding back Finance and IPO / M&A related expenses.

- **Revenue up 145% YoY** driven by an increase in organic growth and full year contribution from Internetrix acquisition.
- **Gross profit margin** percentage grew to 65% representing an increase of 6ppt YoY, driven by improvements in delivery and growth in higher margin products such as usage fee revenue.
- **Operating expenses** - excluding IPO related expenses operating expenses would be \$12.9m, an increase of 157% YoY. This was driven by the inclusion of Internetrix as well as implementing the Group's growth strategy, including investment in sales and marketing, product development and delivery capacity.
- **Transaction related expenses** of \$1.8m is related to pre IPO and IPO related costs.



- Operating receipts - \$12.3m representing a cash conversion rate of 92% to reported revenue of \$13.3m
- \$12.5m raised from successful IPO
- Operating Payments of \$16.4m as the Group continues with investment in sales and marketing, product development and delivery capacity
- IPO related payments- \$2.3m IPO related costs
- Convertible Notes - proceeds of \$1.1m pre-IPO funding
- Other cash items - including \$0.4m final cash deferred consideration for Internetrix acquisition

Balance sheet



For the year ended 30 June	FY22 \$'000	FY21 \$'000	FY22 v FY21
TOTAL ASSETS			
Cash and cash equivalents	8,237	1,722	378%
Trade and other receivables	4,823	3,068	57%
Intangible assets (net)	4,417	4,633	(5%)
Other assets	1,782	1,145	56%
TOTAL ASSETS	19,259	10,569	82%
TOTAL LIABILITIES			
Trade and other payables	5,432	4,008	36%
Borrowings	71	92	(22%)
Contract liabilities	703	1,203	(42%)
Other liabilities	1,205	1,176	2%
TOTAL LIABILITIES	7,411	6,480	14%
NET ASSETS	11,847	4,089	190%
EQUITY			
Issued capital	21,796	8,060	170%
Reserves	1,209	885	37%
Accumulated Losses	(11,158)	(4,856)	130%
TOTAL EQUITY	11,847	4,089	190%

- Cash and cash equivalents balance of \$8.2m representing and increased of \$6.5m (up 378%) including net proceeds from IPO.
- Small borrowing balance of \$0.1m being loan from National Westminster Bank plc as part of UK Government's in response to COVID-19.
- Over \$0.7m contract liabilities representing payments received in advance from customers with revenue to be realised in future periods.
- Current cash position will support the Group targeting cash flow break-even for full year FY24.

Strategy and outlook

Continued focus on delivering
sustainable growth





Growth pillars



Strengthen
existing solutions,
may include
strategic
acquisitions



Expand value
creation, product
adoption from
existing
customers



Expand sales &
marketing
capacity



Expand channel
relationships



Extend Wondaris
platform
ecosystem



Strategic priorities and focus

- Maintaining organic growth momentum while targeting cashflow break-even for full year FY24.
- Ongoing product development against the XPON roadmap to extend integrations and the Wondaris ecosystem.
- Strategic investment in people and operations to support scaling of the business.
- Continued focus on optimising product and customer mix to accelerate gross margin expansion.
- Continued focus on developing sales and marketing capability to accelerate the XPON pipeline and land new customers.
- Steadily increasing customer revenue retention, and continuing to execute on its land and expand strategy with its customers.
- Leveraging channel partnerships to further validate new customer segments for the Wondaris ecosystem.

mal use only

Appendices



POWERED **EXPONENTIALLY**

Appendix 1: Leadership Team



Phillip Aris,
Non Executive
Chairman

BOARD

Experienced Chair and public company CEO/MD, specialising in professional services and emerging tech. Currently on the board of Credit Corp (ASX:CCP). Formerly Countplus (ASX:CUP) CEO/MD and Head of Credit Cards at Commonwealth Bank (ASX:CBA)



Matt Forman,
Founder, Managing
Director & Group CEO

BOARD + EXEC

Tech entrepreneur and respected industry veteran with over 22 years experience owning and leading high growth digital businesses. Extensive leadership experience working and partnering with global tech vendors.



Tim Ebbeck
Non Executive
Director

BOARD

Experienced technology leader and ASX director. Board experience at ReadyTech (ASX:RDY) & Envirosuite (ASX:EVS). Formerly CEO at SAP (ANZ), CEO Oracle (ANZ), CCO of SAP (APJ), CCO of NBN Co, as well as CFO of Unisys South Pacific and TMP Worldwide.



Leanne Wolski,
Group CFO

EXEC

Over 20 years experience senior finance roles for ASX and NYSE listed companies. Formerly CFO for Amaysim (ASX:AYS) and Australian Finance Director and Company Secretary for Western Union Australia. Member of the Institute of Chartered Accountants and is a graduate member of the Australian Institute of Company Directors.



Jennifer Killian,
Group CMO

EXEC

Marketing executive and experienced board advisor with more than 20 years' experience with B2B SaaS companies ranging from Silicon Valley startup to FORTUNE 500. Former GM of Marketing and Channels for WiseTech (ASX:WTC). Member of the UNSW Business School Alumni Advisory Board and the Australian Institute of Company Directors.



Chris Rozic,
CEO - AUNZ

EXEC

Over 12 years senior marketing experience as previous National Marketing Manager of Betta Home Living and marketing for Knight Frank. Previously co-founder of Ark CX, a machine learning and sentiment analytics company established in 2017.



Ben Fogarty,
CEO - UKEU

EXEC

A senior digital strategist and product innovator, proven in creating and growing digital engagement products in the UK and internationally. Founder of several disruptive SaaS startups. Ben is recognised as a digital leader in the UK tech space.



Simon Pereira,
CEO - Platforms

EXEC

An experienced leader within the SaaS-based marketing technology sector, Simon has 23 years' experience in sales and marketing, business operations and management. Career has focused on marketing technology, analytics and attribution across a wide variety of sectors.



Appendix 2: Glossary

Annualised Recurring Revenue (ARR): represents monthly contracted recurring revenue multiplied by 12. An annualised measure of the revenue that XPON expects to earn from its customers on a repeatable basis. This metric shows the impact of new customer contracts less any churn from customers leaving or downgrading their contracts.

Year-on-Year (YoY) ARR Growth Rate (%): shows the change in XPON's ARR over a rolling 12-month time frame. This metric demonstrates the impact of the acquisition of new customers, the retention of customers and the expansion of existing customer contracts less any churn from customer's leaving or downgrading their contracts over a 12-month time frame.

Average Revenue Per Customer (ARPC): calculated as annual revenue for the last 12 months divided by the number of customers at that time (and divided by 12 to get a monthly view).

Monthly Retention Rate: the percentage of customers that are retained on a monthly basis and are not lost due to customer churn over the last 12 months (and divided by 12 to get a monthly view).

Lifetime Value (LTV): LTV per customer is the gross profit expected on average from a recurring customer over their lifetime. This is calculated by taking the average customer lifetime (1 minus the monthly retention rate to get monthly churn, then 1 divided by churn) multiplied by ARPC, multiplied by the gross margin percentage for the last quarter. Total LTV represents the total gross profit XPON expects to receive from its current recurring customer base by taking the average LTV per customer and multiplying it by the number of recurring customers.

Customer Acquisition Costs (CAC): calculated by total customer acquisition costs spent on acquiring customers over the last 12 month period divided by the number of customers acquired during the period. It includes 80% of the salary costs of all sales & marketing team members and 100% of sales commissions, advertising costs, costs for customer marketing activities and resources.

CAC Payback: the average number of months that it takes for XPON to receive back its customer acquisition costs.

LTV/CAC Ratio: LTV divided by CAC, expressed as a ratio to indicate the net return on the cost of acquiring a customer on average, after cost of sales and before operating expenses.

Customer Revenue Retention Rate (CRRR): the percentage of recurring revenue retained from existing customers over the last 12 months. This accounts for increased revenue from existing customers utilising more of XPON's solutions and lost revenue due to churned customers.

GTM: Go-to-market, meaning the strategy by which XPON wins business.

Recurring Revenue: revenue realised from the sale of software licences, managed service subscriptions and usage fees.

Non Recurring Revenue: revenue realised from the sale of one-off project services, onboarding and implementation fees.



Contact

For investors:

investors@xpon.ai

For media:

marketing@xpon.ai

