



XPON Technologies Group Limited

FY24 Investor Presentation

27 August 2024

A recording of this presentation is available to view here:
<https://investorhub.xpon.ai/link/7Plk7r>

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Overview



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**XPON is a leading AI
marketing technology
company.**

**We help businesses simplify
complex marketing
challenges and achieve
superior ROI from their
customers.**



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FY24 Financial summary





FY24 Key Highlights - Continuing Business Basis¹

Streamlined operations and strengthened financial position for AI-driven growth

- **Revenue Momentum** - Martech revenue was \$9.3m for FY24 up 5% YoY with four consecutive quarters² of revenue growth and Q4 a record quarter.
- **Margin Expansion** - Gross profit was \$7m, up 8% YoY with gross margin up 2ppts to 75%
- **Costs reduced** - realised annualised savings of \$3.4m for FY24 (\$6.5m annualised savings since May 2023)
- **Completed debt and capital raise** - \$1.125m convertible note and \$0.8m in additional equity raised (heavily supported with board participation)
- **Customers** - 16 new customers were landed and 26 existing customers were expanded during the year
- **AI** - uniquely positioned with recognised capability and the right solutions at the right time

Note:

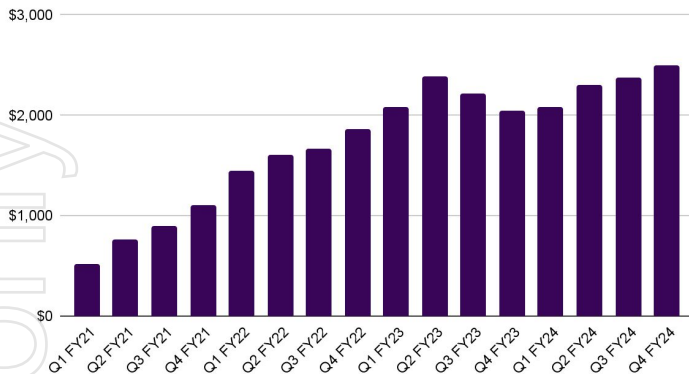
1. Financial metrics are presented on a continuing business basis (excluding all revenue and expenses associated with the App Mod business divested in December 2023)
2. QoQ Martech revenue growth in Q1 FY24, Q2 FY24 and Q3 FY24 - continuing business only

Martech revenue

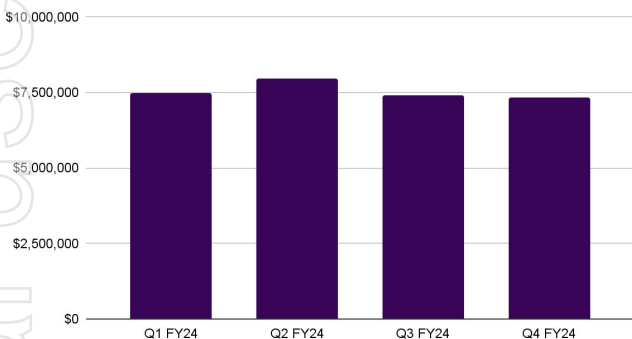


Consistent Revenue Growth with Record Q4 Performance

Martech Revenue by quarter



Martech ARR



Note:

1. Monthly customer retention rate at 30 June 2024.

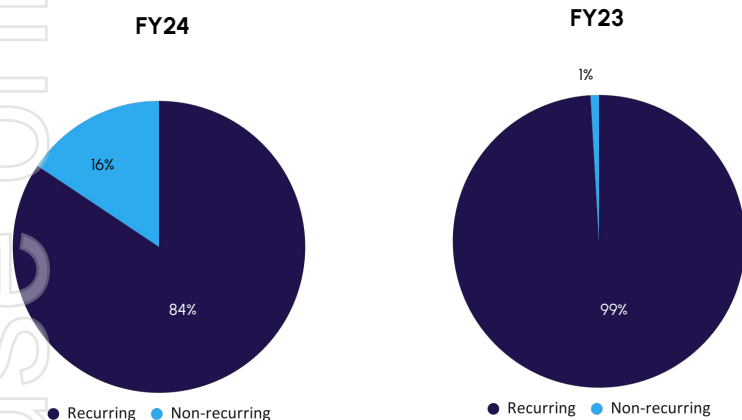
- Returned to consistent revenue growth, reaching record level in Q4.
- Continued resilient monthly customer retention rate of 99.3% ¹
- 16 new customers were landed and 26 existing customers were expanded during the year.
- Annual Recurring Revenue at the end of the financial year was \$7.4m, representing a CAGR of 29% over the last 3 years.
- In FY24 a higher proportion of revenue was delivered from short term projects associated with AI adoption and 3rd party cookie deprecation. ARR was down YoY due to this focus and revenue churn. FY25 focus on recalibrating the sales motion to deliver ARR growth.

FY24 Temporary Shift Toward Project Revenue^{1,2}

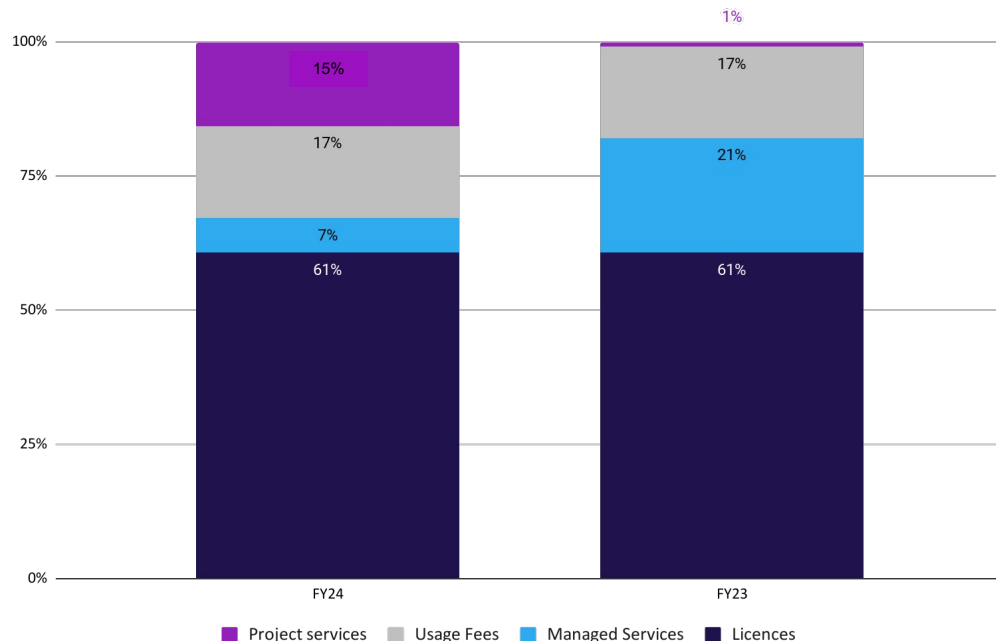


AI adoption and 3rd Party Cookie deprecation boosted immediate project revenue, leading to a higher proportion of non-recurring income this year. We're now recalibrating our sales strategy to expand our recurring revenue stream for long-term growth.

Recurring vs. non-recurring revenue



Revenue by type



Note:

1. Figures have not been subject to review by auditors.

2. Financial metrics, including recurring revenue, non-recurring revenue and revenue type, are presented on a continuing business basis (excluding all revenue associated with the App Mod business divested in December 2023)

Profit & Loss summary

Figures are presented on a continuing business basis (excluding all revenue and expenses associated with the App Mod business divested in December 2023) and excluding onerous software contract costs ¹



For the year ended 30 June	FY24 \$'000	FY23 \$'000	FY24 vs FY23
Revenue	9,345	8,870	5%
Cost of sales	(2,362)	(2,413)	2%
Gross profit \$	6,983	6,457	8%
Gross profit margin %	75%	73%	2 ppts
Other income	193	277	(30%)
Operating Expenses	(5,890)	(8,881)	34%
Operating EBITDA	1,286	(2,147)	160%
Operating EBITDA %	14%	(24%)	38 ppts
(Write off)/debt forgiveness of related party loan	(429)	-	-
Loss from disposed subsidiaries	(2,926)	-	-
Research & development	(499)	(618)	19%
Corporate expenses	(2,970)	(4,120)	28%
Statutory EBITDA	(5,537)	(6,886)	20%
Addback:			
Restructure related expenses	567	753	25%
Changes in fair value of financial derivatives	(37)	-	-
(Write off)/debt forgiveness of related party loan	428	-	-
Loss from disposed subsidiaries	2,926	-	-
Adjusted Statutory EBITDA²	(1,653)	(6,132)	73%

Note:

1. Refer to the table on page 24 of the FY24 Annual Report for a full reconciliation of the Statutory, Continuing Business basis and Adjusted figures.

2. Adjusted Statutory EBITDA is an unaudited metric calculated by excluding Finance, Disposal of Subsidiaries, Onerous Contracts and restructure related costs - refer to the table on page 24 of the FY24 Annual Report.

- **Revenue:** +5% YoY organic growth in licences and project services.
- **Gross profit margin:** +2ppt to 75%; better project delivery, higher margin product mix.
- **Operating expenses:** -34% YoY; \$6.5m annualised savings since May 2023.
- **Operating EBITDA:** +160% YoY reflecting strength of core business.
- **One-off costs:** \$3.3m from UK App Mod business disposal in Dec 2023.
- **Corporate expenses:** -28% YoY reflecting streamlined operations
- **Adjusted Statutory EBITDA:** +73% YoY reflecting operational efficiencies.

Balance sheet



For the year ended 30 June	FY24 \$'000	FY23 \$'000	FY24 v F23
TOTAL ASSETS			
Cash and cash equivalents	3,449	4,415	(22%)
Trade and other receivables	4,024	4,296	(6%)
Intangible assets	1,407	4,217	(67%)
Other assets	967	1,693	(43%)
TOTAL ASSETS	9,847	14,622	(33%)
TOTAL LIABILITIES			
Trade and other payables	8,204	8,935	8%
Borrowings	1,045	57	(1,735%)
Contract liabilities	1,653	1,196	(38%)
Other liabilities	861	600	(43%)
TOTAL LIABILITIES	11,763	10,788	(9%)
NET ASSETS	(1,916)	3,833	(150%)
EQUITY			
Issued capital	22,630	21,796	4%
Reserves	1,963	1,785	10%
Accumulated Losses	(26,509)	(19,748)	(34%)
TOTAL EQUITY	(1,916)	3,833	(150%)

- Focus on strengthening balance sheet financial stability through:
 - improving working capital management
 - addressing convertible note refinancing (Jun 24 balance \$1.0m, repayment value \$1.6m)
- Cash position of \$3.4m supports FY25 cash flow break-even target
- Key balance sheet movements/comments:
 - Cash \$1.0m YoY decrease, despite reduced operating cash outflows (\$2.4m in FY24 v \$3.7m in FY23) and \$1.7m cash inflows from debt and capital raise.
 - Intangible assets \$2.8m YoY decrease due to UK App Mod business disposal.
 - \$1.7m contract liabilities at Jun 24 representing payments received in advance from customers with revenue to be realised in future periods.

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Leading position in AI Marketing



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What is 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.



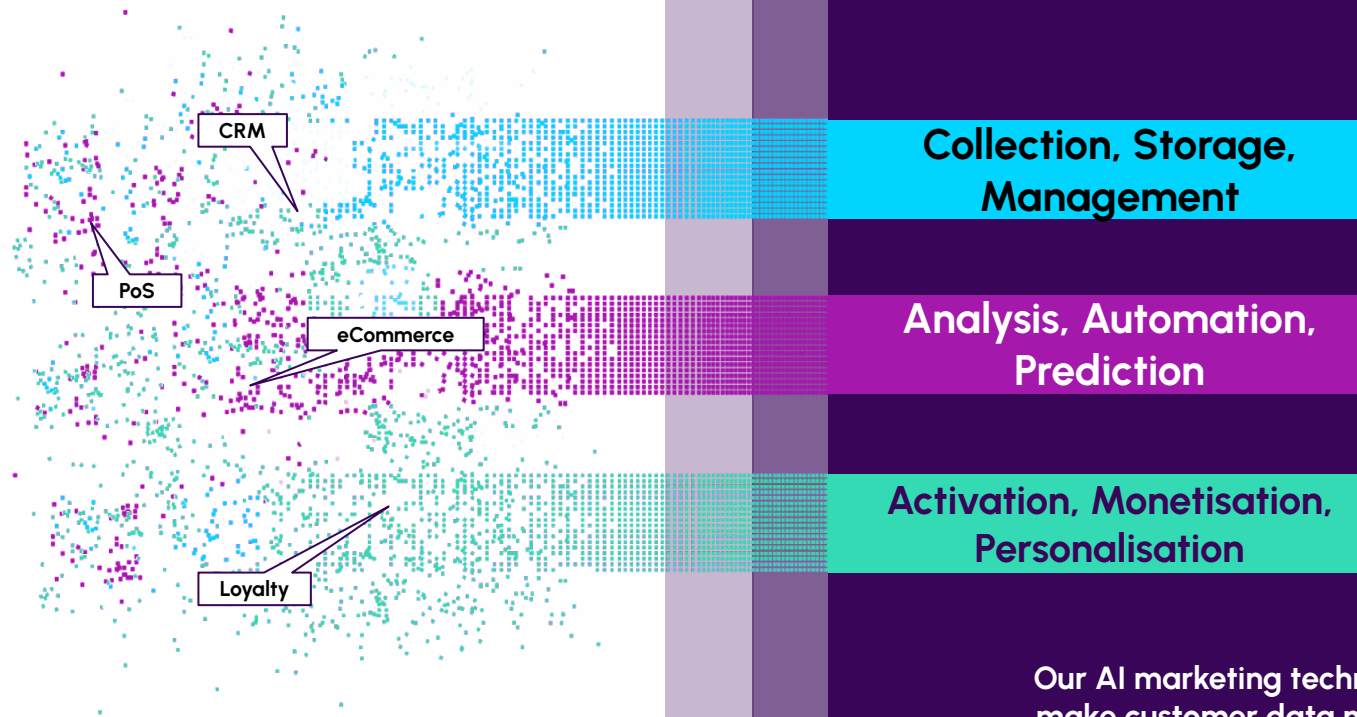
MARKETERS are dealing with increasingly large amounts of complex data that is becoming more regulated with changes in privacy laws. **This complexity necessitates the adoption of AI to help simplify.**

AI has a flywheel effect on this landscape.

Businesses using AI will evolve more quickly, while businesses that don't adopt AI marketing quickly will fall behind their competition.



Customer data is a challenge - and an opportunity



Our AI marketing technology solutions
make customer data more accessible,
valuable, and profitable.



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

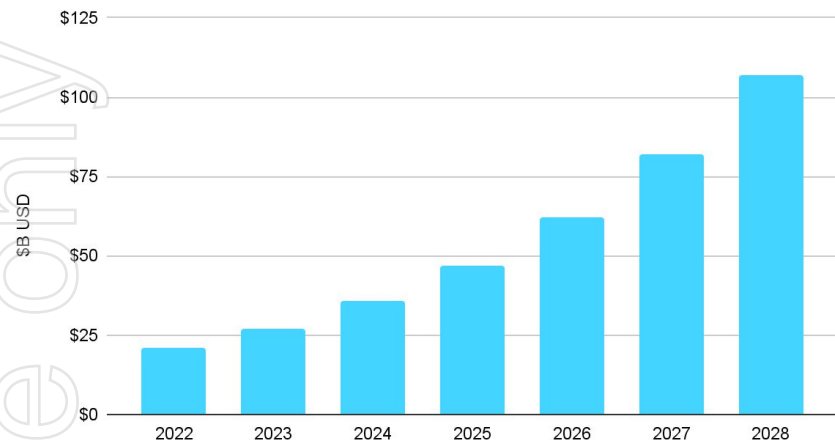
- **AI can analyse** vast amounts of data such as consumer shopping behaviour and brand interactions, generating insights quickly.
- AI and Machine Learning models allow cost-effective application these insights, **enabling highly-personalised marketing messages**, targeted advertising and product recommendations.
- **AI can also generate content** and select the content types most likely to engage and convert, based on the data-driven insights it gathers.

XPON's award-winning partnership model helps business unlock value quickly from the right AI Marketing tools

AI marketing adoption is accelerating



AI spend in marketing¹



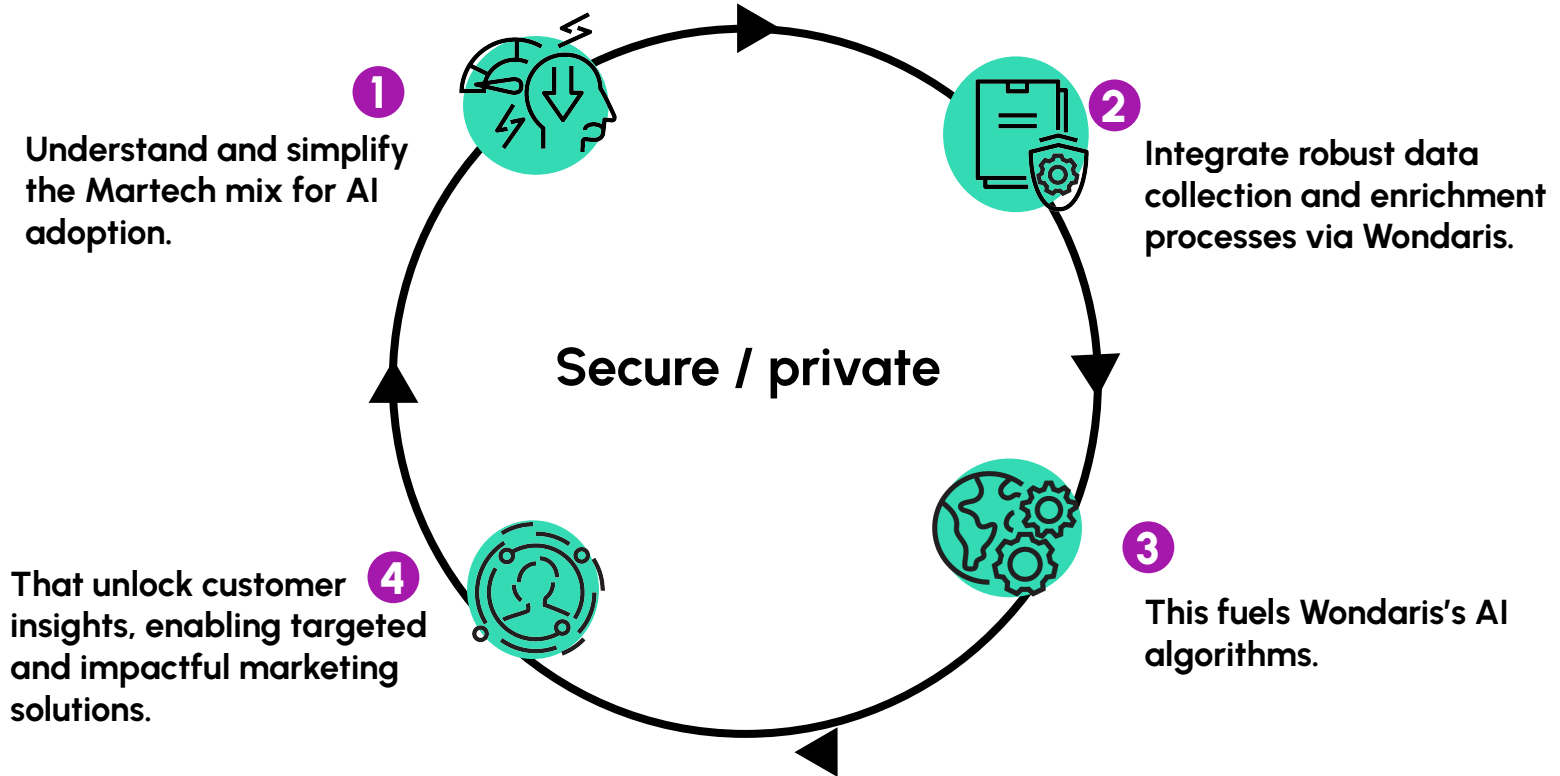
- Marketing predicted to be leading adopter of AI
- Forecast 31% CAGR to \$107B in AI marketing spend from 2022 - 2028
- Companies that implement AI technologies see a 451% increase in qualified leads²

Note:

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










Our proven methods for effective AI adoption





Our products are supported by services to ensure secure and effective value creation for customers

Products		Revenue	Type
 wondaris	XPON's cloud-based platform that centralises customer data, enriches it with Machine Learning (ML) and AI, and allows rapid and simple activation of more profitable marketing programs.	Licenses	
 Google Cloud	Scalable platform that provides computing, storage, analytics, Machine Learning (ML) and Artificial Intelligence (AI) capability tailored for Marketing and CX.	Usage Fees	
 Google Marketing Platform	Online advertising and analytics platform and tools for business to manage media spend more effectively.	Licenses Usage Fees	
Services			
Project services	Consulting to help businesses use our technology products, including implementation, training, digital transformation project services, and AI readiness services.	Project Fees	\$
Managed services	Enablement and support to accelerate product uptake and continued value realisation of our technology products.	Managed Service Subscription	



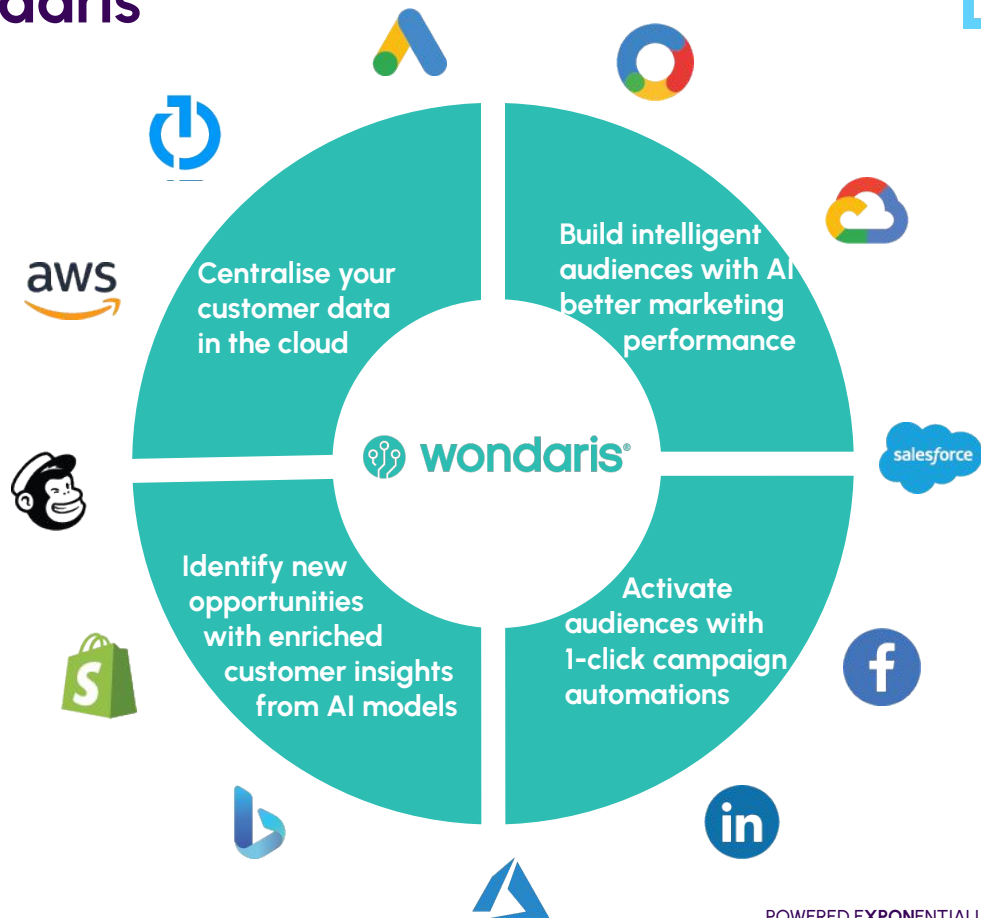
Recurring

\$ Non-Recurring

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 CTR¹

25%

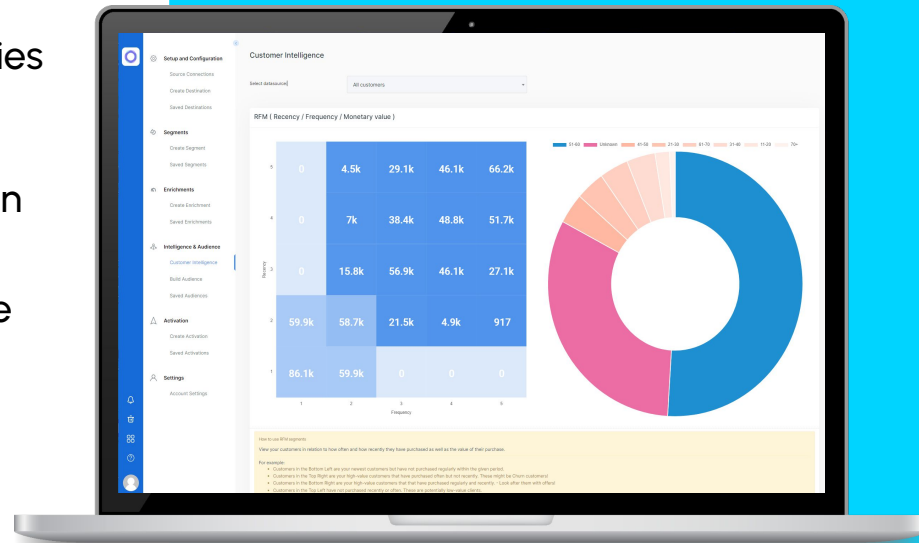
Decrease in
Display CPC²

13%

Increase in
Discovery CTR

1. Click through rate
2. Cost per click

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Outlook and priorities



FY25 - FY27 Strategic Roadmap



Horizon 1

Horizon 2

Horizon 3

Realign for sustainable growth

- Reset the sales motion to grow a sustainable recurring revenue base (ARR) with primary focus on AUNZ.
- Develop people & capability to build on our culture, simplify workflows and alignment of rewards to business profitability.
- Optimise balance sheet and establish capital profile to support future organic & inorganic growth opportunities.
- Cash flow breakeven in FY25.

Platform for scale

- Extend and diversify the distribution channels for our solutions.
- Explore accretive inorganic growth opportunities to expand solution offerings and recurring customer base.
- Invest in developing Wondaris® and AI solutions to further accelerate product adoption and global appeal.
- AI automation and simplification of workflows and service delivery.
- Strengthen balance sheet and optimise a self funding cash flow and EBITDA profile.

Scalable profitability

- Accelerate accretive inorganic growth that will scale on the XPON platform.
- Targeting organic growth at rule of 40 or better.
- Annualised Recurring Revenue (ARR) represents $\geq 85\%$ of revenues.
- Extension of vertical industry offerings to new sectors.
- Advanced AI adoption that streamlines service delivery and co-pilots our people.



FY25 Roadmap

Building on our FY24 performance, we're focused on the following key priorities to drive sustainable growth and achieve future profitability

Financial Priorities:

- Achieve cash flow break-even in FY25 through disciplined cost management and revenue growth
- Address working capital position and refinance convertible note to strengthen capital structure
- Increase focus on growing recurring revenue to improve predictability and valuation

Operational Excellence

- Enhance AI capabilities in Wondaris to accelerate customer value realisation and sales cycles
- Maintain strong NPS of 83+ while growing and retaining our customer base
- Continue optimising cost structure to align with business performance and profitability

Strategic Growth Initiatives

- Capitalise on our leadership in AI marketing technology through continued innovation
- Leverage Google relationship to drive pipeline growth and increase in qualified leads
- Explore strategic partnerships and M&A opportunities to enhance shareholder value

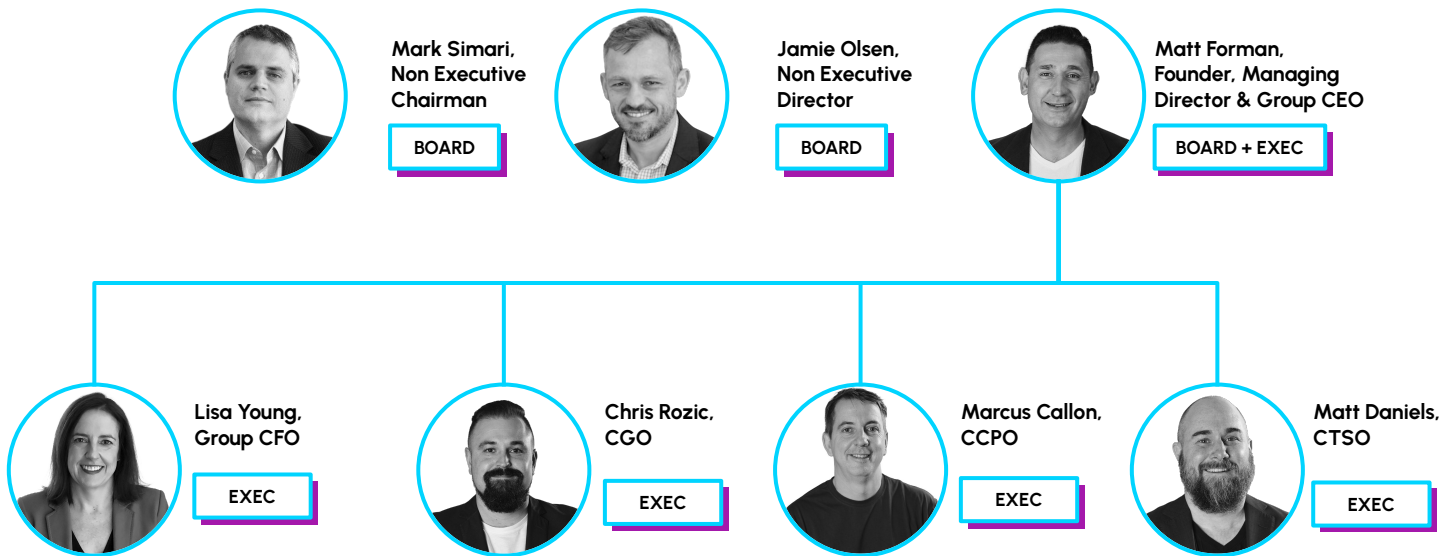
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Appendices



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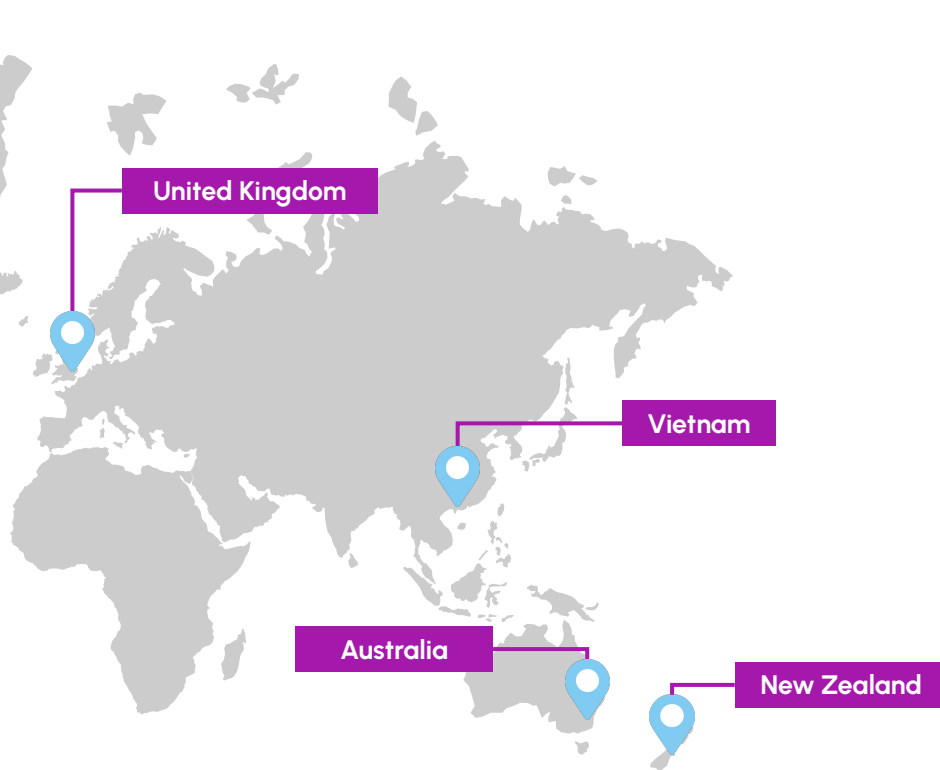
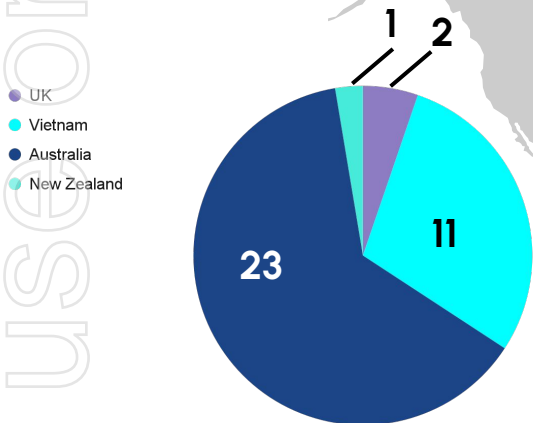
Appendix 1: Leadership Team





Appendix 2: Team footprint

Team breakdown



Note:
As at 30 June 2024, excludes on-demand contractors and Non-Executive Directors.



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