ASX Announcement

31 July 2025

XPON Q4 FY25 activity report and Appendix 4C

XPON Technologies Group Ltd (ASX:**XPN**) (**XPON** or the **Company**), an AI marketing technology company, releases its quarterly activity report / Appendix 4C quarterly cash flow statement for the three-month period ended 30 June 2025.

For personal use only

Key Highlights

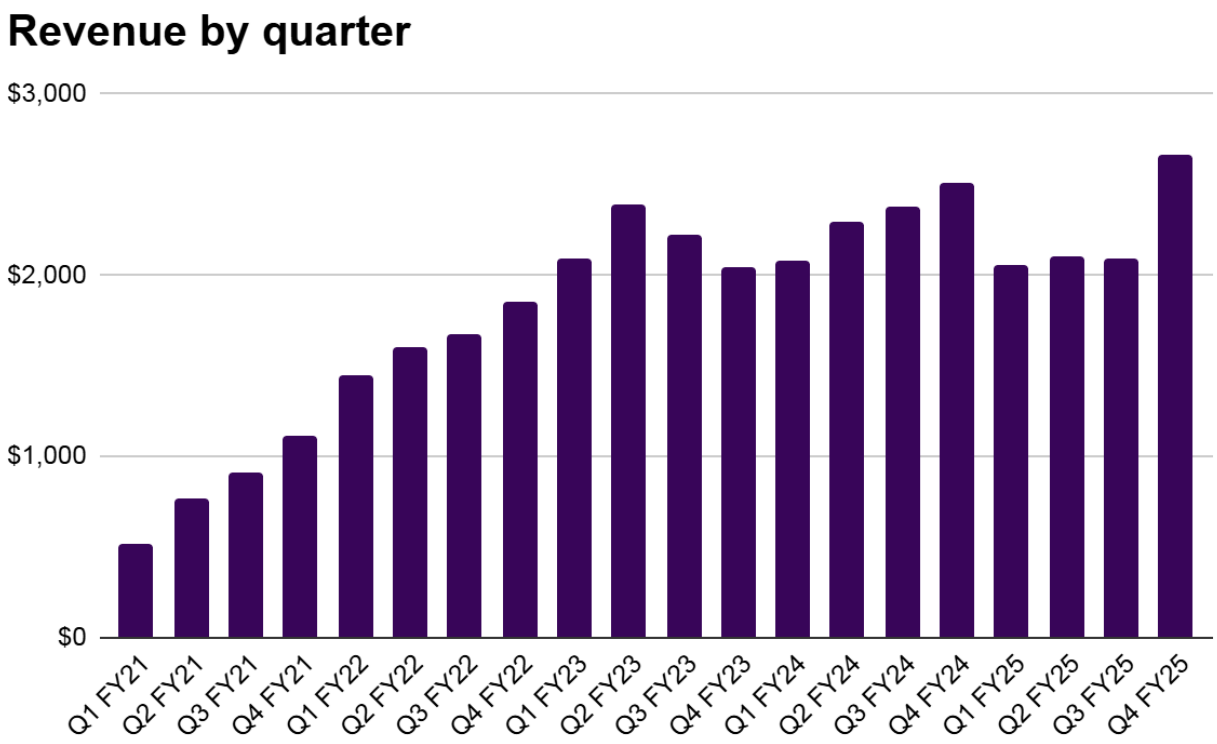
- Successfully closed the acquisition of Alpha Digital on May 7 2025, immediately boosting recurring revenue by $4m and adding c$1m in cash.
- Integration of Alpha Digital progressing very positively with first cross sell deals already closed and a number of new joint Alpha + Wondaris + XPON deals in the pipeline.
- Group sales revenue increased 27% QoQ to $2.7m, primarily driven by the acquisition of Alpha Digital.
- Recurring sales revenue accounted for $2.5 million (95%) of the quarter's total, annualising to $10.1 million.
- Gross margin of 68%, down 7ppts QoQ, attributed to the lower margin managed services revenue stream from Alpha Digital.
- Successfully landed 4 new customers and expanded relationships with 3 existing customers while maintaining a robust monthly customer retention rate of 97.9%.
- Maintained a cash position of $2.7m as of 30 June 2025. Ongoing cost optimisation actioned to align with future product led revenue mix with c$560k additional annualised costs removed in early July 25.
- Wondaris product led sales motion being further optimised with key vertical offerings developed that are focused on banking & financial services, retail, education and publishing industries.
- Ongoing discussions with multiple parties on the refinance of the outstanding convertible notes
- Group EBITDA and operating cash flow expected to be positive on an underlying basis from Q2 FY26.

Key Financial Metrics – Q4 FY25 vs Q3 FY25 and Q4 FY24

	Q4 FY25	Q3 FY25	+/-	Q4 FY24	+/-
Revenue	$2.7m	$2.1	27%	$2.5m	7%
Gross profit	$1.8m	$1.6m	15%	$1.9m	-3%
Gross margin	68%	75%	-7 ppts	75%	-7 ppts

Financial Performance

Group revenue grew 27% quarter on quarter to $2.7 million. The growth was largely attributable to the acquisition of Alpha Digital on 7 May 2025.



The expected 7 ppt reduction in gross margin is attributable to the shift in our product mix in the prior quarter, directly influenced by the Alpha Digital acquisition.

Capital Management and Cash Flow

XPON's cash balance stood at $2.7 million as of 30 June 2025, a decrease of $1.2 million from the previous quarter. This change primarily reflects a $1.7m reduction in accounts payable, which aligns with our previous communications to the market. The Company is actively managing its capital to ensure financial stability and support future growth initiatives.

XPON reported net cash outflows from operating activities for Q4 FY25 of $2.2 million.

- Net customer receipts for Q4 FY25 were $0.8 million, remaining stable compared to the prior quarter, primarily due to the $1.7 million reduction in the aged accounts payable

For personal use only

balance. The customer receipts figure is expected to rise significantly next quarter as the company's payment terms with suppliers and customers becomes more aligned.

- Payments to suppliers, employees and others were $2.9 million for Q4 FY25, slightly up 7% YoY. This increase reflects additional expenses from the Alpha Digital acquisition, partially offset by positive impacts from the ongoing cost reduction measures.
- Further annualised cost reductions of $560k were implemented in early July 2025 to align the company's staffing with its vertical go to market strategy and increasing focus on Wondaris as our key marketing offering.

As detailed in item 6.1 of the Appendix 4C, payments to related parties and their associates during the quarter totalled $114k comprising CEO salary, employee associate of CEO and motor vehicle leasing and operating costs for the CEO.

FY25 - FY27 Strategic Roadmap Progress

Horizon 1	Status	Progress
Realign for sustainable growth		
Reset the sales motion to grow a sustainable recurring revenue base with primary focus on AUNZ.		Recurring revenue mix of FY25 YTD is 92%. Continuing to land new enterprise customers that are expected to expand into recurring customers in future periods
Develop people & capacity to build on our culture, simplify workflows and alignment of rewards to business profitability		On track with team rewards being aligned with business objectives and ongoing optimisation of people and workflows
Optimise balance sheet and establish capital profile to support future organic & inorganic growth opportunities		Acquisition of Alpha Digital completed. Ongoing discussions with multiple parties on the refinance of the outstanding convertible notes
Cash flow breakeven in FY25		The repayment of aged accounts payable impacted cash flow breakeven position for full year FY25. Group EBITDA and operating cash flow expected to be positive on an underlying basis from Q2 FY26.

Outlook and Priorities

The Company has clear priorities for FY26:

- Continue to monitor and optimise the recalibration of the sales strategy towards high margin long term recurring revenue growth;
- Capitalise on our leading market position by accelerating AI innovation with Wondaris to speed up sales cycles and enhance value realisation for customers;

For personal use only

- Simplified product led sales motion with key vertical industry offerings underpinned by Wondaris;
- Continue momentum on our M&A strategy to further enhance shareholder value;
- Finalise convertible note refinancing and continue to strengthen balance sheet and financial stability;
- Ensure XPON sustains a strong corporate culture and maintains high employee engagement and motivation;
- Targeting cash flow and EBITDA positive on an underlying basis from Q2 FY26.

The announcement has been approved for release by the Board of Directors of XPON Technologies Group Limited ACN 635 810 258

-ENDS-

For personal use only

For further information, please contact:

Rebecca He
1300 400 371
investors@xpon.ai

For media inquiries, please contact:

marketing@xpon.ai

JOIN XPON'S INTERACTIVE INVESTOR HUB Visit https://investorhub.xpon.ai/welcome

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.

Glossary

Monthly customer 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).

For personal use only

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

XPON TECHNOLOGIES GROUP LIMITED

ABN	**Quarter ended ("current quarter")**
37635810258	30/06/2025

	Consolidated statement of cash flows	**Current Quarter $A'000**	**Year to date (12 months) $A'000**
1.0	**Cash flows from operating activities**		
1.1	Receipts from customers	765	8,646
1.2	Payments for		
	(a) research and development	(70)	(290)
	(b) product manufacturing and operating costs	(845)	(2,498)
	(c) advertising and marketing	(89)	(305)
	(d) leased assets	(34)	(34)
	(e) staff costs	(1,209)	(4,913)
	(f) administration and corporate costs	(624)	(2,192)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	4	13
1.5	Interest and other costs of finance paid	(89)	(224)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	101
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(2,192)**	**(1,695)**

For personal use only

For personal use only

2.0	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(2)	(6)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:	-	-
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	2
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material) - Cash acquired in an acquisition	942	942
2.6	**Net cash from / (used in) investing activities**	**940**	**938**

3.0	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	104	104
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-

3.6	Repayment of borrowings	(24)	(24)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.1	**Net cash from / (used in) financing activities**	**80**	**80**

4.0	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	3,901	3,449
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,192)	(1,695)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	940	938
4.4	Net cash from / (used in) financing activities (item 3.10 above)	80	80
4.5	Effect of movement in exchange rates on cash held	3	(39)
4.6	**Cash and cash equivalents at end of period**	**2,733**	**2,733**

	Reconciliation of cash and cash equivalents	**Current Quarter**	**Previous quarter**
5.0	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**$A'000**	**$A'000**
5.1	Bank balances	2,733	3,901
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**2,733**	**3,901**

6.0	**Payments to related parties of the entity and their associates**	**Current Quarter** **$A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	114
6.2	Aggregate amount of payments to related parties and their associates included in item 2	NA

For personal use only

Note: Payments in 6.1 relate to Director salaries, employee associate of CEO and motor vehicle leasing and operating costs for the CEO.

	Financing facilities	Total facility amount at quarter end	Amount drawn at quarter end
7.0	*Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**$A'000**	**$A'000**
7.1	Loan facilities	1,982	1,982
7.2	Credit standby arrangements	50	-
7.3	Other (please specify) - Convertible Note	1,125	1,125
7.4	**Total financing facilities**	3,157	3,107

7.5	**Unused financing facilities available at quarter end**	50

Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

7.6	As announced to the ASX on 26 February 2024, the Company raised A$1.125 million (before costs) via the issue of 45,000,000 secured convertible notes plus 22,500,000 free warrants. The convertible notes have a 12 month maturity date with the ability to extend by a further 6 months at the noteholders discretion. The convertible notes have a face value of $0.025 per note. 15% per annum simple interest is payable on the face value of the convertible notes, quarterly in arrears from the issue date of 26 February 2024. Further details available in the ASX release of 26 February 2024. As announced on 15 January 2025, the convertible note was extended by a further 6 months (until 26 August 2025) with interest payable at 20% per annum, payable quarterly in arrears, for the 6 month extension period. As announced on 5 May 2025, Xpon acquired 100% of Alpha Digital via a vendor loan arrangement. The vendor (Coopers Shield Pty Ltd as trustee for Cooper Family Trust) has agreed that part of the consideration, amounting to $2.005m, will be paid over a period of three years (Vendor Loan). Matthew Copper is a director and controller of Coopers Shield Pty Ltd, and a beneficiary of the Cooper Family Trust. XPON will pay the $2.005m plus interest at 8% per annum accrued by way of 36 monthly repayments. The final payment is 1 May 2028. XPON may elect to repay the Vendor Loan early. The Vendor Loan is secured by the shares in Alpha Digital. As a result of the provision of security over the shares of Alpha Digital, XPON intends to seek shareholder approval of the provision of financial assistance at the 2025 Annual General Meeting. The material default provisions are a payment default or an insolvency event. Alpha Digital has a $50k overdraft facility with ANZ which was unused in the quarter. The facility is an unsecured business overdrafts with an interest rate of 13.95% p.a.

	8.0	**Estimated cash available for future operating activities**	**$A'000**
	8.1	Net cash from / (used in) operating activities (item 1.9)	(2,192)
	8.2	Cash and cash equivalents at quarter end (item 4.6)	2,733
	8.3	Unused finance facilities available at quarter end (item 7.5)	50
	8.4	Total available funding (item 8.2 + item 8.3)	2,783

For personal use only

	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.3

8.5 *Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.*

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: The entity expects to see an increase in operating cash flow due to the recent acquisition of Alpha Digital, ongoing cost-out optimisation to align costs with revenue base and an anticipated improvement in group trading EBITDA performance.

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: The entity is actively pursuing funding options to support ongoing operations and has a degree of confidence in the success of these initiatives.

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: The entity closely monitors its cash flow and is confident in its ability to sustain operations and achieve business objectives. This confidence is supported by ongoing cost-out optimisation to align costs with revenue base and an anticipated improvement in group-wide operating performance.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 31 July 2025

Authorised by: The Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

For personal use only

4. If this report has been authorised for release to the market by your board of directors, you can insert here: “By the board”. If it has been authorised for release to the market by a committee of your board of directors, you can insert here: “By the [*name of board committee – eg Audit and Risk Committee*]”. If it has been authorised for release to the market by a disclosure committee, you can insert here: “By the Disclosure Committee”.

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council’s *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

For personal use only