ASX Announcement

28 October 2025

XPON Q1 FY26 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 September 2025.

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Key Highlights

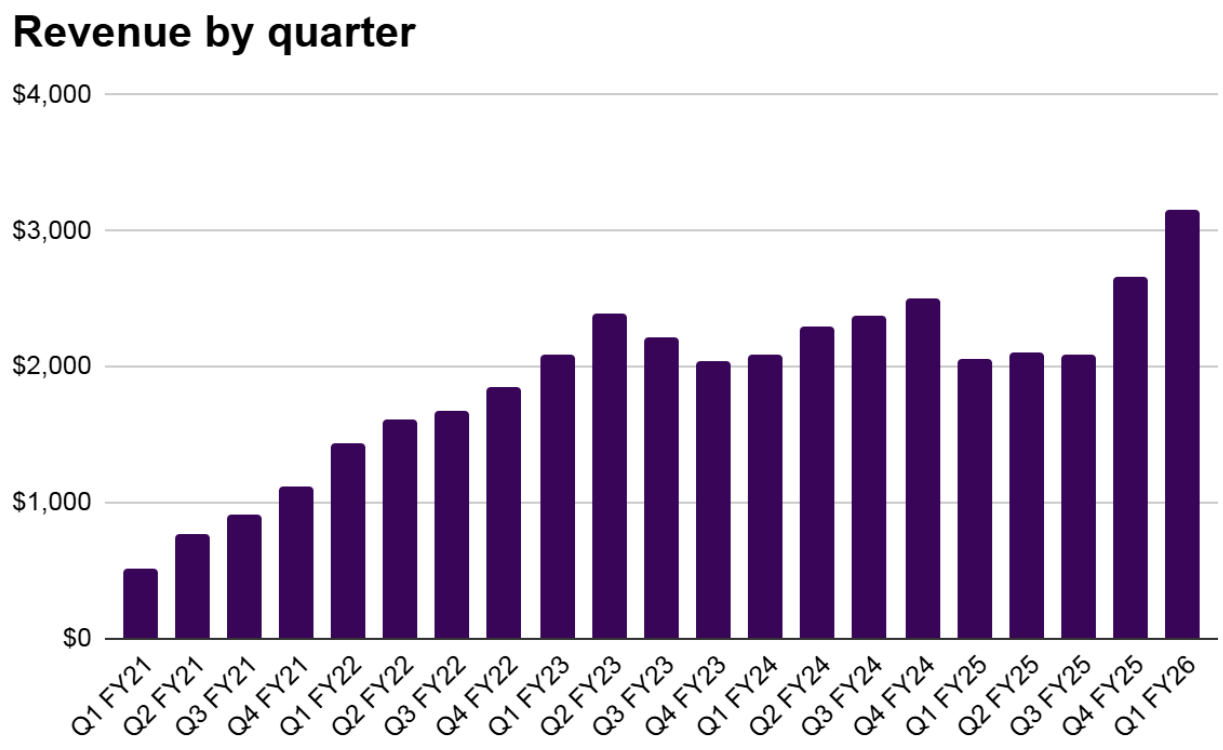
- The Group delivered a strong result for the quarter, positioning it well to achieve its full year financial targets, with a **positive operating cashflow of $0.99 million and a positive EBITDA (unaudited) of $0.12 million.**
- Integration of Alpha Digital progressing very positively with cross sell deals and a number of new joint Alpha + Wondaris + XPON deals in the pipeline.
- Group sales revenue increased 17.5% QoQ to $3.2m, primarily driven by the acquisition of Alpha Digital.
- Recurring sales revenue accounted for $2.98 million (94%) of the quarter's total, annualising to $11.9 million.
- Gross margin of 68%, remained stable QoQ.
- Successfully landed 12 new customers and expanded relationships with 16 existing customers while maintaining a robust monthly customer retention rate of 97.5%.
- 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.
- Successfully raised $0.45 million in capital through a new share placement, secured a loan agreement with Harvest Lane to borrow $0.4m at 10% interest over six months, and fully repaid the convertible notes, providing the Group with a strong foundation for future growth. The Group also maintained a healthy cash balance of $2.7 million as of 30 September 2025. The loan will be fully repaid in Jan 2026 by the due date.
- As part of a leadership transition, founder Matt Forman has stepped down from his role as CEO and Managing Director due to health reasons and has transitioned into a Non-Executive Director role. Mark Simari has been appointed Executive Chair. These changes reflect ongoing commitment to strategic execution.

Key Financial Metrics – Q1 FY26 vs Q4 FY25 and Q1 FY25

	Q1 FY26	Q4 FY25	+/-	Q1 FY25	+/-
Revenue	$3.2m	$2.7	17.5%	$2.1m	53%
Gross profit	$2.1m	$1.8m	18%	$1.5m	46%
Gross margins	68%	68%	0 ppts	71%	-3 ppts

Financial Performance

Group revenue grew 17.5% quarter on quarter to $3.2 million. The growth was largely attributable to the acquisition of Alpha Digital on 7 May 2025.



Capital Management and Cash Flow

XPON's cash balance remained stable at $2.7 million as of 30 September 2025. The Company is actively managing its capital to ensure financial stability and support future growth initiatives.

XPON reported net cash inflows from operating activities for Q1 FY26 of $0.99 million.

- Net customer receipts for Q1 FY26 were $4.2 million, a significant increase from $0.76 million in the previous quarter, primarily driven by the alignment of the company's payment terms with both suppliers and customers.
- Payments to suppliers, employees and others were $3.2 million for Q1 FY26, up 14% YoY. This increase reflects additional expenses from the Alpha Digital acquisition, partially offset by positive impacts from the ongoing cost reduction measures.

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- 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 $119k comprising CEO salary, employee associate of CEO and motor vehicle leasing and operating costs for the CEO.

Progress to-date

Strategic priorities	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 FY26 YTD is 94%. 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 various financiers to strengthen group cash flow and working capital.
Cash flow breakeven in FY26		Group EBITDA (unaudited) and operating cash flow delivered positive results in Q1 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;
- 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;
- Continue to strengthen balance sheet and financial stability;

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- Ensure XPON sustains a strong corporate culture and maintains high employee engagement and motivation;

- Continuing operating cash flow and EBITDA (unaudited) positive on an underlying basis in FY26.

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

-ENDS-

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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.

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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).

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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	30/09/2025

	Consolidated statement of cash flows	**Current Quarter $A'000**	**Year to date (3 months) $A'000**
1.0	**Cash flows from operating activities**		
1.1	Receipts from customers	4,228	4,228
1.2	Payments for		
	(a) research and development	(67)	(67)
	(b) product manufacturing and operating costs	(1,103)	(1,103)
	(c) advertising and marketing	(59)	(59)
	(d) leased assets	(71)	(71)
	(e) staff costs	(1,341)	(1,341)
	(f) administration and corporate costs	(473)	(473)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	4	4
1.5	Interest and other costs of finance paid	(125)	(125)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**993**	**993**

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2.0	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(20)	(20)
	(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		
	(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		
2.6	**Net cash from / (used in) investing activities**		

3.0	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	425	425
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(1,459)	(1,459)

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**	**(1,034)**	**(1,034)**

4.0	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	2,733	2,733
4.2	Net cash from / (used in) operating activities (item 1.9 above)	993	993
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(20)	(20)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,034)	(1,034)
4.5	Effect of movement in exchange rates on cash held	42	42
4.6	**Cash and cash equivalents at end of period**	**2,714**	**2,714**

	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	2,714	2,733
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)**	**2,714**	**2,733**

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	119
6.2	Aggregate amount of payments to related parties and their associates included in item 2	NA

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

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	Financing facilities *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.*	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
7.1	Loan facilities	2,098	2,098
7.2	Credit standby arrangements	50	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	2,148	2,098

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. 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 27 August 2025, the Company has redeemed the convertible notes with a payment of $1.575m, plus any unpaid interest. Xpon raised $425k by issuing 53,125,000 new shares at $0.008 per share. The Company has also entered into a loan agreement with Harvest Lane to borrow $420k at 10% interest over six months. The loan repayable consists of equal monthly instalments of interest plus principal, over six months. 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 through 36 monthly repayments. The first payment is due on 1 June 2025, with the final payment due on 1 May 2028. XPON may elect to repay the Vendor Loan early. The Vendor Loan will be 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 for the 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)	993
	8.2	Cash and cash equivalents at quarter end (item 4.6)	2,714
	8.3	Unused finance facilities available at quarter end (item 7.5)	50
	8.4	Total available funding (item 8.2 + item 8.3)	2,764
	8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	N/A

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: N/A

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: N/A

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: N/A

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: 28 October 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.

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".

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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.

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