ASX Announcement

27 August 2024

XPON FY24 Annual Report and Appendix 4E

XPON Technologies Group Ltd (ASX:**XPN**) (**XPON** or the **Company**), an AI marketing technology company, releases its Appendix 4E and full year Annual Report (audited) for the year ended 30 June 2024.

The following commentary and financial metrics have been 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 contracts costs[1].

Key Highlights

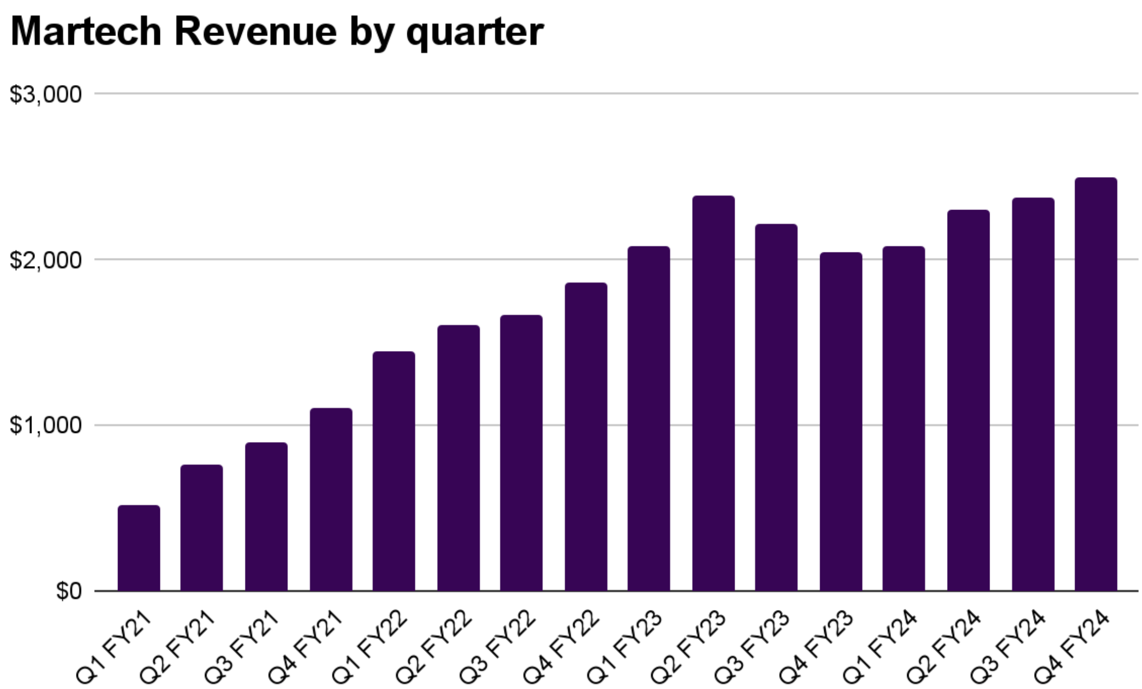
- Achieved solid financial performance in FY24 despite market challenges, with revenue reaching $9.3m, gross profit of $7.0m, and a robust gross profit margin of 75%
- Maintained a healthy cash position of $3.4m as of 30 June 2024, providing a solid foundation for future growth
- Successfully strengthened our financial position with a A$1.125m convertible note raising and a A$0.8m capital raise
- More streamlined organisational structure to drive towards profitability and realign the cost base to market conditions - estimated annualised cost savings of at least $6.5m
- Reaffirm our commitment to financial discipline with a clear target of achieving cash flow break-even in FY25, underpinned by our growth trajectory and cost management initiatives
- 16 new customers landed and 26 existing customers expanded during the year
- Founder and Group CEO, Matt Forman's webinar covering the full year results is available to view here: https://investorhub.xpon.ai/link/6eWn8y

[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.

Key Annual Financial Metrics - FY24 vs FY23[2]

	FY24	FY23	+/-
Revenue	$9.3m	$8.9m	+5%
Gross profit	$7.0m	$6.5m	+8%
Gross margin	75%	73%	+2 ppts
Adjusted Statutory EBITDA [3]	($1.7m)	($6.1m)	+73%
Net profit/(loss) after tax - Statutory	($6.8m)	($8.7m)	+22%
Cash at bank	$3.4m	$4.4m	-22%

- The Company is seeing positive momentum with four consecutive quarters of revenue growth[4].
- Revenue up 5% YoY driven by organic growth of licences and project services revenue. 16 new customers were landed and 26 existing customers were expanded during the year.
- Gross margin up 2 ppts YoY to 75%, driven by improvements in project delivery and growth in higher margin products such as licences and usage fee revenue.
- Adjusted Statutory EBITDA losses decreased by 73% to $1.7m, due to operating expense reduction of $3.0m and reduction of corporate and R&D expenses of $1.3m - cost reductions implemented since May 2023 amount to annualised cost savings of c$6.5m.
- Statutory loss after tax of $6.8m, an improvement of 22% on the prior year



[2] 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.

[3] 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.

[4] YoY Martech revenue growth in Q1, Q2, Q3 and Q4 FY24 - continuing business only

Commenting on the Group's performance, Founder, Managing Director and Group CEO, Matt Forman said:

"Financial Year 2024 has been both rewarding and transformative for XPON. The resilience of our core Martech business continued to be evident and, despite broader business challenges and distractions, continued to grow.

On a continuing basis, full-year revenue increased by 5% to $9.3m, gross profit rose by 8% to $7.0m and gross margin increased by 2 ppts to 75%, with an operating EBITDA[5] of $1.3m.

We successfully divested the UK-based App Modernisation business in December 2023 due to a material deterioration of its performance, realising annualised cost savings of c$1.3m.

Operationally, we kept a sharp focus on cost control, aligning our cost base to business performance. During FY24 a total of $3.5m annualised cost savings were realised (including the App Modernisation divestment), with one-off costs of $0.6m, incurred.

Our streamlined business is focused and well-positioned to capitalise on growth opportunities as we head towards cash flow breakeven and EBITDA profitability by focusing on large customers with high margin long-term sustainable revenues.

In addition to the $1.125m convertible note raised in February, XPON completed a successful capital raise of $0.88m which concluded in June and was well supported by the board, further demonstrating our belief in the business and future prospects.

We are committed to driving the Company towards profitability and achieving cashflow breakeven in FY25."

Outlook and Priorities

The Company has clear priorities for FY25:

- Capitalise on our leading market position by driving continued AI innovation with Wondaris to accelerate sales cycles and enhance value realisation for customers
- Focus on sustainable profitability by leveraging our relationship with Google for pipeline generation and growing our recurring customer base, supported by a strong NPS of 83
- Explore strategic partnering and M&A opportunities to enhance shareholder value
- Ensure XPON sustains a strong corporate culture and maintains high employee engagement and motivation
- Address balance sheet and convertible note refinancing to strengthen financial stability
- Continue to monitor and manage our cost profile in line with business performance to achieve targeted cashflow break-even in FY25

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

-ENDS-

[5] Operating EBITDA is Earnings before Interest, Tax, Depreciation and Amortisation for the continuing business, excluding research and development and corporate expenses. It is adjusted for non-operating adjustments that are considered to be non-cash and/or non-recurring in nature - refer to the table on page 24 of the Annual Report.

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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

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.
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).

Appendix 4E
Preliminary Final Report

Company details

Name of entity:	XPON Technologies Group Limited and Controlled Entities
ABN:	37 635 810 258
Reporting period:	For the year ended 30 June 2024
Previous period:	For the year ended 30 June 2023

Results for announcement to the market

Reported	30 June 2024 $	30 June 2023 $		Change $	Change %
Revenue from ordinary activities	9,873,318	14,987,676	Down	(5,114,358)	(34%)
Net loss from ordinary activities after tax attributable to the owners of XPON Technologies Group Limited	(6,761,181)	(8,687,006)	Down	1,925,825	22%
Net loss for the year attributable to the owners of XPON Technologies Group Limited	(6,761,181)	(8,687,006)	Down	1,925,825	22%

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Net tangible assets

	30 June 2024 (cents)	30 June 2023 (cents)
Net tangible assets per ordinary security	(1.08)	(0.24)

Net tangible assets do not include intangible assets, deferred tax assets and deferred tax liabilities in the measurement.

Net tangible assets per ordinary security is calculated as net tangible assets divided by the total Ordinary Shares at 30 June 2024 (362,441,495) and 30 June 2023 (303,608,169) respectively.

Control gained over entities

Not applicable.

Loss of control over entities

XPON Digital Limited (UK Company) and Holoscribe Australia Pty Ltd (Australian Company) were sold on 22 December 2023 to reduce cash burn of the Company. Accordingly:

- The (loss)/profit of these divested entities is included in the consolidated statement of profit or loss and other comprehensive income for both 30 June 2024 and 30 June 2023. Further details on the financial performance of these two divested entities is provided in note 5 of the following financial statements;
- The consolidated statement of financial position at 30 June 2023 includes the results of the two divested entities. The consolidated statement of financial position at 30 June 2024 does not include the two divested entities as they had been sold by that time.

Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

Dividend reinvestment plans

Not applicable.

Details of associates and joint venture entities

Not applicable.

Foreign entities

Details of origin of accounting standards used in compiling the report:
Not applicable.

Audit qualification or review

Details of audit/review dispute or qualification (if any):
The financial statements have been audited and an unmodified opinion has been issued.

Attachments

Details of attachments (if any):
The Financial Statements of XPON Technologies Group Limited and Controlled Entities for the year ended 30 June 2024 is attached.

Signed

Signed ______________________ Date: 27 August 2024

Mark Simari
Chairman and Non-Executive Director

XPON®

2024

Leading the AI Evolution in Marketing

Annual Report 2024

POWERED EXPONENTIALLY

Contents

Who we are

XPON is a leading AI marketing technology company.

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

The rise of AI is driving a fundamental shift in how marketing is done, as it streamlines complex processes and enables more precise targeting and personalisation. Global platforms like Google and Meta have increasingly integrated AI into their advertising solutions, automating many tasks traditionally handled by marketers and agencies.

As a result, marketers must now focus on effectively capturing and utilising data to inform these AI-driven systems. The growing complexity of data, alongside stricter privacy regulations, makes AI essential for managing and simplifying marketing processes.

What is AI Marketing?

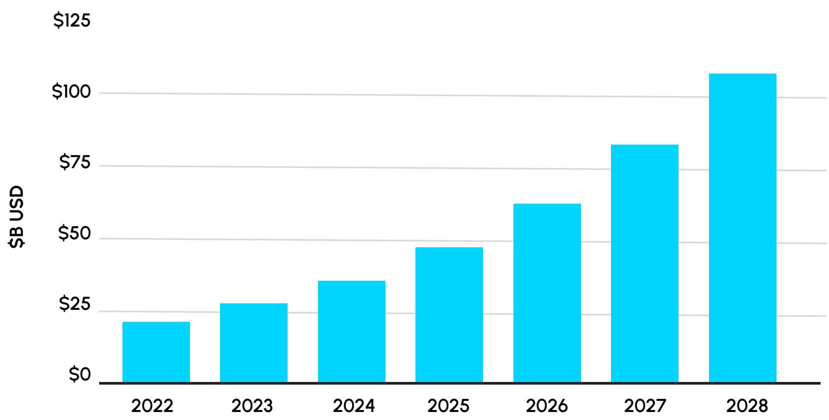
AI Marketing uses artificial intelligence to revolutionise how businesses engage with consumers by providing sophisticated tools for analysing large volumes of data. By processing information from consumer interactions, shopping behaviours, and brand engagements, AI enables companies to quickly uncover trends and patterns.

These insights are then used to create personalised marketing messages, targeted advertising, and product recommendations that resonate with individual customers, driving higher engagement and conversion rates.

XPON specialises in guiding companies through the effective implementation of these advanced technologies. We help clients select the right AI marketing tools that align with their specific needs, ensuring a cost-effective application of AI and machine learning models. This approach allows companies to optimise their marketing strategies while automating repetitive tasks, freeing up resources for more strategic initiatives. Key components of our solutions include predictive AI, which forecasts customer behaviours, and generative AI, which creates tailored content—both essential for staying competitive in today's market.

Businesses choose XPON for our collaborative approach, which focuses on addressing unique business challenges and goals. Our partnership model is designed to unlock value quickly, enabling clients to see tangible benefits from their AI Marketing investments. By integrating AI into marketing processes, XPON helps companies enhance customer experiences, improve marketing efficiency, and ultimately drive growth and profitability.

AI marketing adoption is accelerating



- 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 leads[1]

Businesses that adopt AI in their marketing strategies gain a competitive edge, evolving more quickly, while those that don't risk falling behind. Chief Marketing Officers (CMOs) are under pressure to achieve more with less, driving demand for comprehensive solutions that integrate content, media, data, and AI. Embracing AI is becoming critical for staying competitive in the rapidly changing digital landscape.

AI marketing can drive significant financial growth for businesses, enabling them to reach or exceed several key targets. One of the most immediate benefits is increased revenue through more effective customer acquisition and retention. Generative AI allows businesses to deliver highly personalised marketing campaigns that resonate with individual consumers, leading to higher engagement rates, improved conversion rates, and ultimately, increased sales.

AI automation can reduce operational costs by handling manual and time-consuming tasks such as data analysis, campaign management, and customer segmentation. This allows marketing teams to focus on strategic activities that add greater value. Additionally, AI-powered tools optimise ad spend by ensuring marketing budgets are allocated to the most effective channels and audiences, reducing waste and maximising return on investment (ROI).

Note:

1. *Source:* https://t.ly/fRPyW

Moreover, investing in AI-powered marketing solutions can lead to improved customer lifetime value (CLV). By providing a more personalised and seamless customer experience, businesses can foster stronger customer loyalty and increase the average spend per customer over time. AI can also identify upselling and cross-selling opportunities, driving additional revenue streams. As a result, businesses that adopt AI in their marketing strategies are better positioned to achieve sustainable financial growth, with the ability to scale their operations and compete more effectively in the market.

XPON's clients appreciate the value created by deploying AI marketing solutions toward revenue growth, cost efficiency, and digital resilience, which is why the company continues to benefit from high customer retention and customer satisfaction ratings.

Snapshot: Blue chip brands deploying XPON's solutions

Financial services

Retail & travel

Media & entertainment

Education

What we do

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

Our products and services ensure effective Marketing Technology (Martech) adoption.

Our methodology begins with understanding and simplifying the Martech mix to facilitate AI adoption. We then integrate robust data collection and enrichment processes through Wondaris®, a composable data platform that offers turnkey tools for marketers. These AI-powered tools centralise customer data swiftly, providing deeper insights. This enriched data fuels Wondaris' AI algorithms, unlocking customer insights. Wondaris® modules help marketers identify high-value audiences and key customer segments—such as the most profitable customers, those likely to churn, and frequent purchasers—allowing for quick activation of these audience segments into highly targeted advertising campaigns.

		Revenue	Type*
Products			
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 services**	**$**
Managed services	Enablement and support to accelerate product uptake and continued value realisation of our technology products.	**Managed Service Subscription**	

Note:
* denotes recurring. $ denotes non-recurring.

AI Case study - Global Travel Brand

1560

Hours of manual effort saved in 2023

33%

Increase in average customer sentiment

76%

Reduction in 1-star reviews

AI Model:
Predictive & Generative

AI Use Case:
Improve service quality & customer engagement

AI Outcomes:
Operational efficiency and uplift in customer sentiment

Leveraging XPON's solution, an Australian-based travel brand was able to aggregate and analyse online review data from its many online business profile listing pages, rapidly address negative in-store experiences, and measurably uplift customer sentiment.

With a real-time sentiment insights dashboard, this brand proactively addressed and automatically replied to negative customer feedback in a brand-friendly manner, while also enabling critical decision-making around in-store staffing, scheduling, and customer service delivery.

Their ability to surface and act upon customer sentiment led to an incremental increase in in-store customer experience and review customer sentiment.

ted Report - DEMO
Reset
Share
Edit
Break Down | Search, Views, Actions
Ratings
Review Keywords
Map View
All Data Raw
Demo NLP APIs
Demo Promt
Google My Business - Listing Insights
Location Name
1 May 2023 - 28 Nov 2023
Weekly Review Rating Trend
4 -
3 -
2 -
1 -
Review Rating Breakdown
13.4%
5.4%
77.2%
5 -
4 -
3 -
2 -
1 -
2 Jun 2023
3 Jul 2023
24 Jul 2023
14 Aug 2023
4 Sept 2023
25 Sept 2023
16 Oct 2023
6 Nov 2023
27 No...
Top locations with 1- reviews in the last 3 months
Count 1- Review
% Δ
Total Reviews
% Δ
1- Rate
% Δ
19
72.7%
42
82.6%
45%
-5.4%
12
71.4%
30
200.0%
40%
-42.9%
9
28.6%
66
88.6%
14%
-31.8%

Key financial metrics [1, 2]

$9.3m ↑ 5%

Revenue

$7.0m ↑ 8%

Gross profit

75% ↑ 2ppt

Gross profit margin

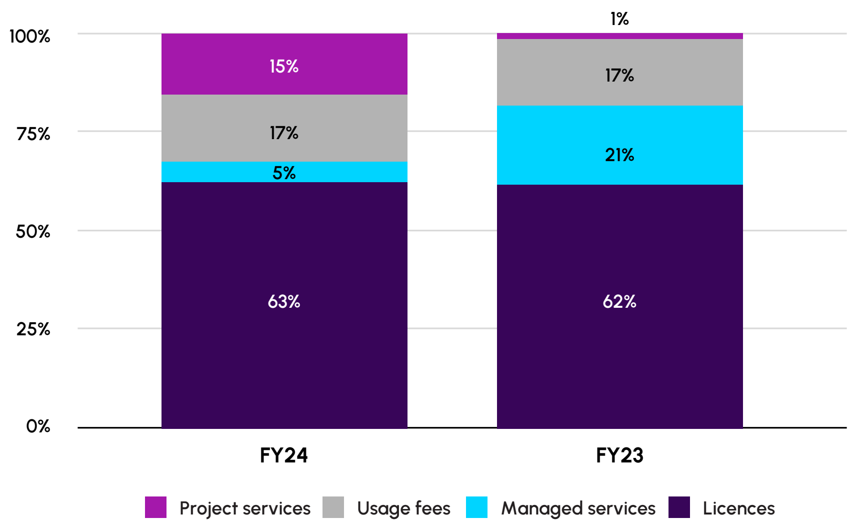
Note:

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 - refer the table on page 24). Key consolidated metrics have not been subject to review by auditors.
2. FY24 compared to FY23.

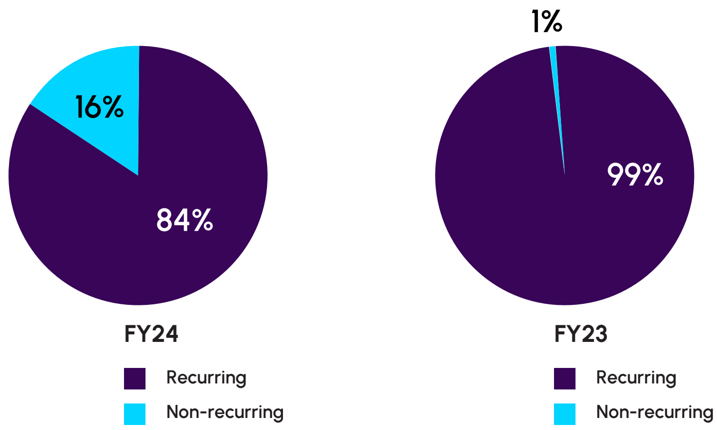
Revenue mix [1, 2]

During the year, the Company took advantage of immediate project revenue driven by AI adoption and 3rd Party Cookie deprecation. Accordingly the proportion of non-recurring revenue increased versus the prior year. The sales motion is being recalibrated to grow our long term recurring revenue base.

Revenue by type



Recurring vs. non-recurring revenue

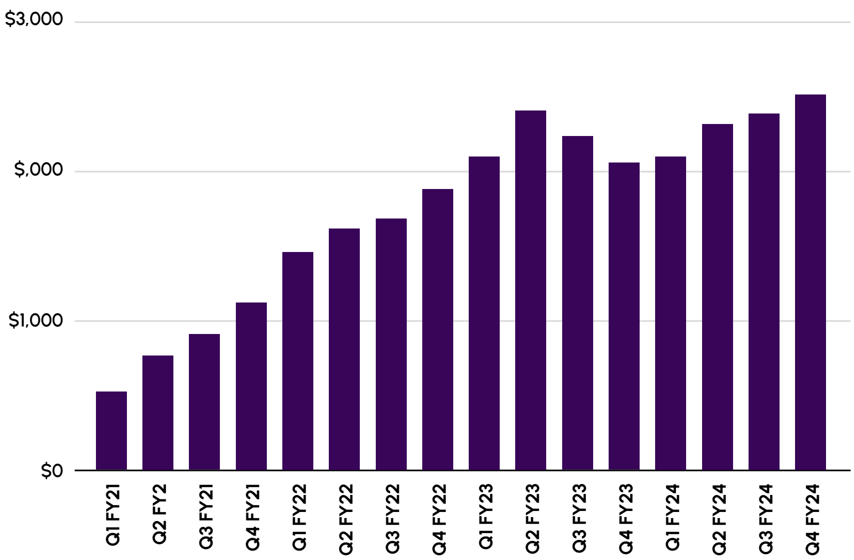


Note:

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 - refer the table on page 24). Key consolidated metrics 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).

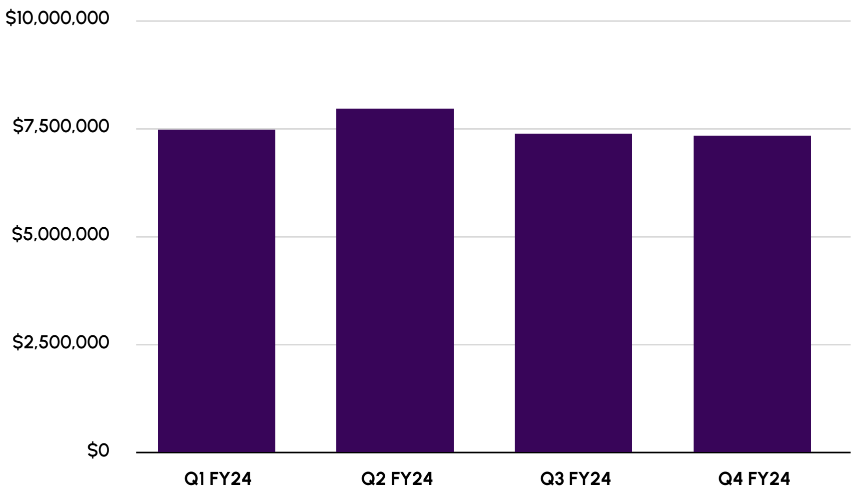
Leading the AI Marketing Evolution

Martech revenue by quarter



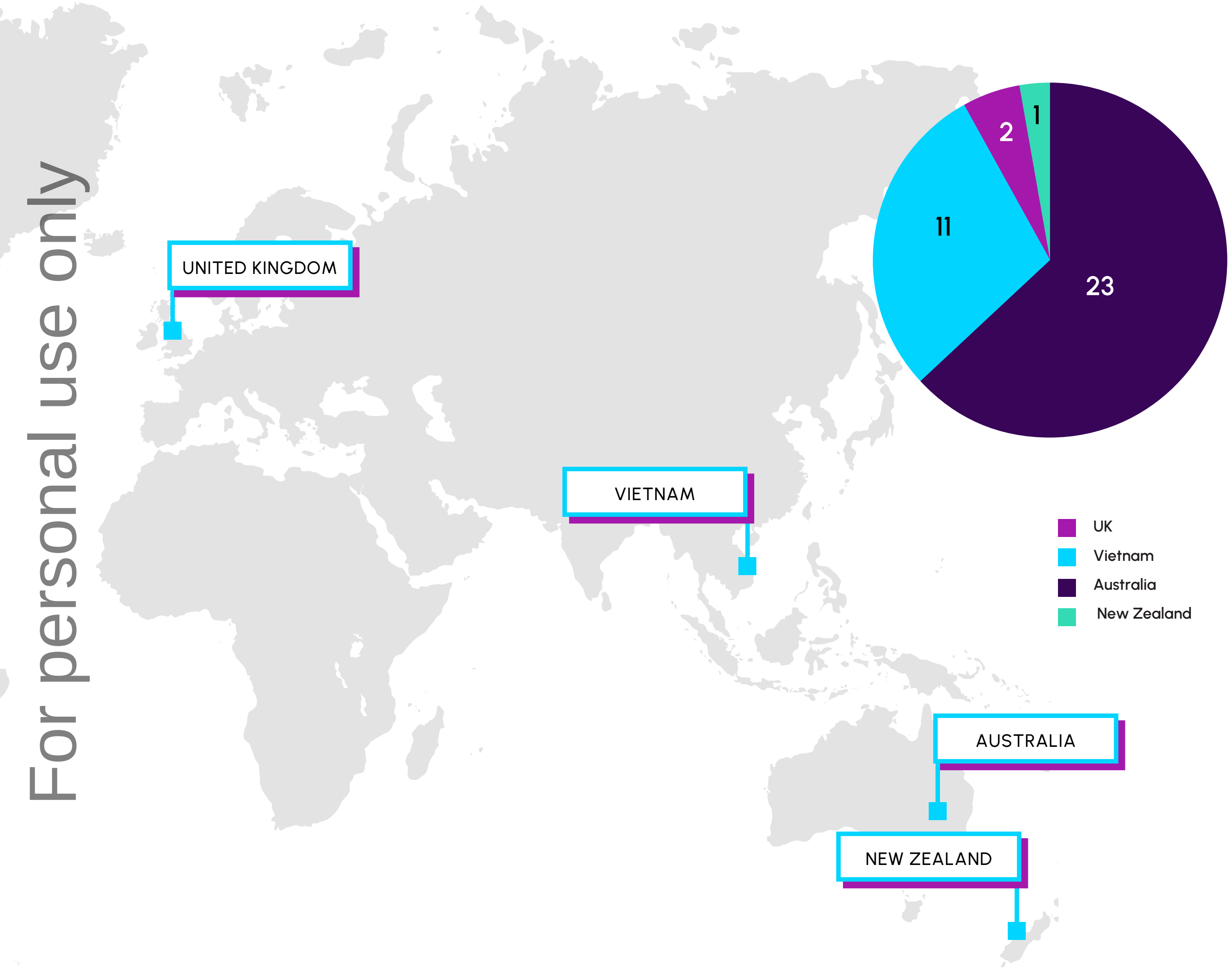
- Four consecutive quarters of revenue growth reaching record level in Q4.
- Continued resilient monthly customer retention rate of 99.3% (as at 30 June 2024).
- 16 new customers were landed and 26 existing customers were expanded during the year.

Martech ARR



- 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.

Global team footprint



In December 2023, we divested our UK-based App Modernisation business. This strategic decision, along with our ongoing focus on aligning our costs with business performance, has allowed us to maintain a leaner team structure. Despite having a smaller headcount than at the end of FY23, we have retained full capability to deliver exceptional client outcomes. Our streamlined business is now structured for sustainable growth into FY25 and beyond.

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

Diversity statement

XPON recognises and values diversity and inclusiveness as a key factor in unlocking the potential and supporting the personal and professional development of its people. It embraces the diverse experience, ideas, skills and perspectives of its people and recognises that diversity encompasses gender, ethnicity, race, age, disability, religious beliefs, sexual orientation, gender identity, culture, socio-economic background and education.

XPON has set the following measurable objectives, with the view to continually review and build on them in line with its core values and the Diversity Policy:

- Greater diversity across departments, roles and teams within the organisation
- Recruit from a diverse pool of qualified candidates, making efforts to identify prospective employees who have diverse attributes and industry experience
- Ensure diversity of those involved in selection processes when selecting and appointing new employees and Board members
- Including gender diversity as a relevant consideration in XPON's succession planning
- Ensuring a diversity lens is taken in terms of promotions and exits within the organisation
- Gaining a stronger insight into the effectiveness of diversity initiatives by undertaking a gender pay equity audit.
- Training programs across the organisation of which all employees are given equal access to participate
- Gender diversity target of 30% women Non-Executive Board Members, and 30% women in senior management and key operational positions in FY24
- Professional development and education on diversity in the workforce

Progress against gender diversity is reported to the Board. The proportion of male and females employed by XPON as at 30 June 2024 is shown below:

	Female		**Male**		**TOTAL**
	Number	%	Number	%	
Company	12	35%	21	65%	**33**
SLT	1	25%	3	75%	**4**
Board	0	0%	3	100%	**3**

Pleasingly, diversity targets for females employed were exceeded. During the year, Board diversity achieved 30% of Non-Executive Directors being female with the appointment of Jodie Leonard as a Non-Executive Director. Jodie Leonard retired as Non-Executive Director effective 8 April 2024. From 8 April 2024, the Board is comprised of 100% male Directors and fell below the diversity target.

Letter from Chair & CEO/Founder

Dear Shareholders,

Financial Year 2024 has been both rewarding and transformative for XPON - our third year as a publicly listed company.

The resilience of our core Martech business continued to be evident and, despite broader business challenges and distractions, continued to grow. On a continuing basis, full-year revenue increased by 5% to $9.3m, gross profit rose by 8% to $7.0m and gross margin increased by 2 ppts to 75%, with an operating EBITDA[1] of $1.3m.

We successfully divested the UK-based App Modernisation business in December 2023 due to a material deterioration of its performance, realising annualised cost savings of c$1.3m.

Operationally, we kept a sharp focus on cost control, aligning our cost base to business performance. During FY24 a total of $3.5m annualised cost savings were realised (including the App Modernisation divestment), with one-off costs of $0.6m, incurred. Our streamlined business is focused and well-positioned to capitalise on growth opportunities as we head towards cash flow breakeven and EBITDA profitability by focusing on large customers with high margin long-term sustainable revenues.

In April 2024, we welcomed our new board with Jamie Olsen joining as Non-Executive Director and me (Mark Simari) as Non-Executive Chairman. We believe our extensive M&A experience will serve XPON well as we continue to explore growth opportunities to accelerate scale and increase shareholder value.

Note:

1. Operating EBITDA is Earnings before Interest, Tax, Depreciation and Amortisation for the continuing business, excluding research and development and corporate expenses. It is adjusted for non-operating adjustments that are considered to be non-cash and/or non-recurring in nature - refer to the table on page 24 of the Annual Report.

We continue to capitalise on our market position as a leader in AI marketing with ongoing innovation and development of Wondaris.

In addition to the $1.125m convertible note raised in February, XPON completed a successful capital raise of $0.88m which concluded in June and was well supported by the board, further demonstrating our belief in the business and future prospects.

We continue to capitalise on our market position as a leader in AI marketing with the ongoing innovation and development of Wondaris. We successfully modularised many core components of the platform, enabling customers to activate the predictive AI capabilities of the platform more quickly, to improve their ad targeting incrementally while complementing their existing marketing technology. This innovation is resonating well with customers and prospects.

Our ongoing collaboration with our customers and Google, enabled XPON to achieve the 'Marketing Analytics Partner Specialisation' via Google Cloud Premier Partnership, the highest technical designation a Google Cloud partner can achieve. Further demonstrating our AI leadership, we were honoured to receive the 'Advanced Data & AI and the Maturity Megastar' Awards at the Google Marketing Partner awards.

The valued and trusted relationship with our partners and customers is a key ingredient to XPON's ongoing success and provides a solid foundation for our continued growth.

Throughout a year of managing change, our team has remained resilient, loyal and continued to perform at the highest levels. We are immensely proud of our culture and grateful for our team, both past and present.

XPON's leadership team and board have a deep sense of ownership in the company, and are strongly aligned to shareholders with 38% of the company owned by management and board. This alignment along with our entrepreneurial spirit, ensures we remain excited and committed to rebuilding growth and shareholder value.

Thank you for your ongoing support of XPON.

Yours sincerely

Mark Simari and **Matt Forman**

Financial statements

Directors' report

The Directors present their report, together with the financial statements of the Group, being XPON Technologies Group Limited (the "Company") and its controlled entities (the "Group" or "XPON"), for the financial year ended 30 June 2024.

Governance

To the extent the Directors regard as appropriate to the size and stage of development of the Company, the Group has adopted the recommendations of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition) throughout the reporting period. Details are provided in the Corporate Governance Statement lodged annually with the ASX.

Directors

The following persons were Directors of XPON during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mark Simari – Independent Non-Executive Chairman (appointed 8 April 2024);
James Olsen – Independent Non-Executive Director (appointed 8 April 2024);
Matt Forman – Group Managing Director and CEO;
Phil Aris – Independent Non-Executive Chairman (resigned 8 April 2024);
Tim Ebbeck – Independent Non-Executive Director (resigned 8 April 2024); and
Jodie Leonard – Independent Non-Executive Director (resigned 8 April 2024).

Company Secretary

Hasaka Martin and Sally Greenwood (appointed 8 April 2024); and
Clare Craven (resigned 8 April 2024).

Principal activities

The principal activities of the Company for the year ended 30 June 2024 was the provision of:

- software enabled managed services to help companies manage business-critical marketing platforms, Adtech, ML / AI and cloud technologies;
- agile cloud-native software solutions with our unique IP that helps corporate & enterprise clients build and modernise customer-facing applications and products; and
- a next-generation data platform for marketers that centralises customer & marketing data, supercharging it with AI for automated activation.

Key verticals served include retail & travel, financial services, media & entertainment, non-profit and education.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review and Results of operations

Operating results

The Group's strategic focus on the core Martech business (the continuing business) has yielded positive results, with year-on-year growth in both revenue and gross profit following the divestment of the UK Application Modernisation (App Mod) business. This growth underscores the strength of the Group's core offerings and the market demand for its solutions.

The ongoing commitment to operational efficiency has resulted in total realised annualised cost savings of $6.5m. This positions XPON strongly for future profitability and allows it to invest strategically in growth areas. The FY25 strategic roadmap focuses on sustainable, scalable growth and the business is recalibrating its sales approach to accelerate its Annualised Recurring Revenue (ARR), investing in people, streamlining operations, and strengthening the balance sheet. These initiatives are designed to create long-term value for shareholders and customers.

The AI-driven disruption in the marketing industry presents a significant opportunity for XPON. The Group's deep expertise in harnessing data and AI positions us at the forefront of this transformation.

On a continuing business basis, full year revenue increased 5% to $9,344,833, gross profit rose 8% to $6,982,823 and gross margin increased by 2 ppts to 75%. On a total business basis, including the two divested entities, full year revenue decreased by 34% to $9,873,318, gross profit declined by 29% to $7,316,564 and gross margin increased by 5 ppts to 74%. The Group landed 16 new customers and expanded 26 existing customers.

The consolidated loss of the Group, including the two divested entities, amounted to $6,761,181 (2023: $8,687,006).

Adjusted Statutory EBITDA is a key earning measure used by management in operating the business. This non-IFRS financial information, not subject to audit, has been extracted from the audited financial statements and is shown in the table below. Similarly, given the divestment of the UK App Mod business in Dec 2023, the results of the Martech continuing business is useful information to the users of the financial statements – this is also shown in the table below.

The table below includes adjustments for the following that are non-IFRS financial information and not subject to audit:

- Disposed subsidiaries: the financial results of the two divested subsidiaries detailed in note 5 so as to reflect the continuing business position;
- Onerous software contracts: costs of multi-year software contracts entered into by the Group during 2022 and 2023 to support the App Mod business (refer note 18) - adjusted so as to reflect the continuing business position; and
- R&D & corporate expenses: itemisation of R&D costs given the Group does not capitalise R&D in addition to detail on various corporate expenses incurred as a listed entity – corporate expenses include costs for audit, tax, legal, D&O insurance, company secretarial, ASX, ASIC, and share registry services in addition to corporate/group/Board roles and their affiliated costs.

Director's report (continued)

$	30-Jun-24 Statutory	Adjusted for: Disposed subsidiaries (to date of disposal) [3]	Onerous software contracts [3]	R&D & Corporate expenses [3]	Continuing Business (CB) (Non-IFRS measure)
Revenue	**9,873,318**	**528,485**	**-**	**-**	**9,344,833**
Cost of sales	(2,556,754)	(194,744)	-	-	(2,362,010)
Gross Profit	**7,316,564**	**333,741**	**-**	**-**	**6,982,823**
Gross Margin %	**74%**	**63%**	**-**	**-**	**75%**
Other income	193,307	-	-	-	193,307
Employee & contractor expenses	(7,521,475)	(750,095)	-	(2,524,399)	(4,246,981)
Sales & Marketing expenses	(250,315)	96,673	(211,404)	-	(135,584)
IT & Facilities expenses	(958,218)	(68,870)	(246,136)	-	(643,212)
General & Admin expenses	(2,055,769)	(34,406)	(212,442)	(944,499)	(864,422)
Total Operating Expenses	**(10,785,777)**	**(756,698)**	**(669,982)**	**(3,468,898)**	**(5,890,199)**
Operating EBITDA [1]	**(3,275,906)**	**(422,958)**	**(669,982)**	**(3,468,898)**	**1,285,932**
Operating EBITDA %	**(33%)**	**(80%)**	**-**	**-**	**14%**
Depreciation & amortisation expenses	(199,828)	(23,907)	-	-	(175,921)
Operating EBIT [1]	**(3,475,734)**	**(446,864)**	**(669,982)**	**(3,468,898)**	**1,110,010**
(Write off)/debt forgiveness of related party loan	-	428,501	-	-	(428,501)
Loss from disposed subsidiaries	(2,925,616)	-	-	-	(2,925,616)
Research & Development	-	-	-	498,512	(498,512)
Corporate expenses				2,970,386	(2,970,386)
Statutory EBITDA [1]	**(6,201,522)**	**5,544**	**(669,982)**	**-**	**(5,537,084)**
Consolidated EBIT [1]	**(6,401,350)**	**(18,363)**	**(669,982)**	**-**	**(5,713,005)**
Net finance expenses	(265,930)	-	-	-	(265,930)
Tax expense	(93,901)	-	-	-	(93,901)
NPAT	**(6,761,181)**	**(18,363)** [4]	**(669,982)**	**-**	**(6,072,836)**
Statutory EBITDA to Adjusted Statutory EBITDA:					
Add Back:					
Restructure related expenses	-	-	-	-	567,493
Changes in fair value of financial liabilities	-	-	-	-	(37,400)
(Write off)/debt forgiveness of related party loan	-	-	-	-	428,501
Loss from disposed subsidiaries	-	-	-	-	2,925,616
Adjusted Statutory EBITDA [2]	**(6,201,521)**	**5,544**	**(669,982)**	**-**	**(1,652,874)**

$	30-Jun-23 Statutory	Adjusted for: Disposed subsidiaries (12 mths to 30 June 2023)[3]	Onerous software contracts [3]	R&D & Corporate expenses [3]	Continuing Business (CB) (Non IFRS measure)	CB Movement %
Revenue	**14,987,676**	**6,117,757**	**-**	**-**	**8,869,919**	**5%**
Cost of sales	(4,626,992)	(2,214,259)	-	-	(2,412,733)	2%
Gross Profit	**10,360,684**	**3,903,498**	**-**	**-**	**6,457,186**	**8%**
Gross Margin %	**69%**	**64%**	**-**	**-**	**73%**	**2ppts**
Other income	277,125	-	-	-	277,125	(30%)
Employee & contractor expenses	(13,396,922)	(3,989,408)	-	(3,666,104)	(5,741,410)	26%
Sales & Marketing expenses	(1,117,357)	(195,295)	(55,633)	-	(866,429)	84%
IT & Facilities expenses	(1,325,906)	(302,029)	(88,237)	-	(935,640)	31%
General & Admin expenses	(2,904,704)	(426,135)	(68,291)	(1,072,378)	(1,337,900)	35%
Total Operating Expenses	**(18,744,889)**	**(4,912,867)**	**(212,161)**	**(4,738,482)**	**(8,881,379)**	**34%**
Operating EBITDA [1]	**(8,107,080)**	**(1,009,369)**	**(212,161)**	**(4,738,482)**	**(2,147,068)**	**160%**
Operating EBITDA %	**(54%)**	**(16%)**	**-**	**-**	**(24%)**	**38 ppts**
Depreciation & amortisation expenses	(422,565)	(47,895)	-	-	(374,670)	53%
Operating EBIT [1]	**(8,529,645)**	**(1,057,264)**	**(212,161)**	**(4,738,482)**	**(2,521,738)**	**144%**
(Write off)/debt forgiveness of related party loan	-	-	-	-	-	-
Loss from disposed subsidiaries	-	-	-	-	-	-
Research & Development	-	-	-	618,196	(618,196)	19%
Corporate expenses	-	-	-	4,120,286	(4,120,286)	28%
Statutory EBITDA [1]	**(8,107,080)**	**(1,009,369)**	**(212,161)**	**-**	**(6,885,550)**	**20%**
Consolidated EBIT [1]	**(8,529,645)**	**(1,057,264)**	**(212,161)**	**-**	**(7,260,220)**	**21%**
Net finance expenses	(12,309)	(1,596)	-	-	(10,713)	(2,382%)
Tax expense	(145,052)	-	-	-	(145,052)	35%
NPAT	**(8,687,006)**	**(1,058,860)**	**(212,161)**	**-**	**(7,415,985)**	**18%**
Statutory EBITDA to Adjusted Statutory EBITDA:						
Add Back:						
Restructure related expenses	-	-	-	-	753,077	25%
Changes in fair value of financial liabilities	-	-	-	-	-	-
(Write off)/debt forgiveness of related party loan	-	-	-	-	-	-
Loss from disposed subsidiaries	-	-	-	-	-	-
Adjusted Statutory EBITDA [2]	**(8,107,080)**	**(1,009,369)**	**(212,161)**	**-**	**(6,132,473)**	**73%**

1. EBITDA and EBIT are unaudited metrics.
2. Adjusted Statutory EBITDA (unaudited) – Earnings before Interest, Tax, Depreciation and Amortisation is a non-IFRS disclosure. In the opinion of the Directors, the Group's Adjusted Statutory EBITDA reflects the results generated from ongoing operating activities which is used by Directors and management as measures in assessing the financial performance of the Group. The non-operating adjustments outlined in this table are considered to be non-cash and/or non-recurring in nature. These items are included in the Group's consolidated statutory result but excluded from the Adjusted Statutory EBITDA.
3. Refer to the commentary on the nature of the adjustments on the previous page (page 23).
4. The NPAT from the disposed subsidiaries above differs by $48,682 from note 5 due to the inclusion of foreign exchange amounts

Directors' Report (continued)

Revenue

For the year ended 30 June 2024:

- the Group's total revenue, including the two divested subsidiaries, was $9,873,318, representing a 34% decrease year on year (YOY) (2023: $14,987,676).
- The Group's revenue on a continuing business basis, excluding the two divested subsidiaries, was $9,344,833, representing a 5% increase YOY (2023: $8,869,919). The increase in revenue has been derived organically.

Gross margin

The Group have improved the annual gross margin by 2 ppts to 75% (2023: 73%). The underlying reason for this change is due to the improvement in project delivery and a higher ratio of licensing and usage fee revenue which attracts higher margins.

Total operating expenses

Total operating expenses were $10,785,777 representing a decrease of 42% year on year (2023: $18,744,889).

The decrease in expenses for the year ended 30 June 2024 was in line with the restructure of the business to realign the cost base to market conditions and drive towards profitability. Since May 2023 the Group has implemented annualised cost savings of $6,500,000.

In addition to the restructure savings, included in expenses for the year ended 30 June 2024 was:

- a restructuring cost of $567,493 (2023: $753,077);
- onerous software contracts of $669,982 (2023: $212,161); and
- sales and marketing reductions of approximately $1,000,000 including move towards more cost-effective marketing spend and reduction in commission costs.

Loss from disposed subsidiaries and write off of related party loan receivable amounted to $3,354,117 (2023: nil) - further detail is provided below.

The Group incurred a net loss after tax of $6,761,181 for the year ended 30 June 2024 (2023: net loss after tax of $8,687,006).

Loss from disposal of subsidiaries

The $2,925,616 loss from disposed subsidiaries relates to the financial performance and impairment of intangibles in relation to the Application Modernisation (App Mod) business for the period up until the divestment on 22 December 2023. The write off of related party loans receivable expense of $428,501 (shown in the table on page 24) also arose from the divestment of the App Mod business. Further details are provided in Note 5 of the financial statements.

Financial position

On 30 June 2024, the Group had net liabilities of $1,916,385 (2023: net assets $3,833,245), including cash of $3,448,794 (2023: $4,415,166). The Group had borrowings of $1,044,741 (2023: $56,927) as at 30 June 2024.

Significant changes in the state of affairs

The following significant changes in the state of affairs of the parent entity occurred during the financial year:

- On 22 December 2023, XPON Digital Limited (UK Company) and Holoscribe Australia Pty Ltd (Australian Company) were sold to reduce cash burn of the Company;
- During the FY24 year, the Group raised $1,125,000 by way of a convertible note and raised a further $882,500 via a placement and share purchase plan;
- On 8 April 2024, Mr Aris resigned as Independent Non-Executive Chairman and Mr Ebbeck and Ms Leonard resigned as Independent Non-Executive Directors of the Group;
- On 8 April 2024 Mr Simari was appointed as Independent Non-Executive Chairman and Mr Olsen was appointed as an Independent Non-Executive Director; and
- On 8 April 2024, Ms Craven resigned as Company Secretary and Mr Martin and Ms Greenwood were appointed as Joint Company Secretary of the Group.

Material business risks

XPON is well positioned and continues to operate in a large and growing market that is supported by macro trends of businesses needing to:

- accelerate their adoption of disruptive technologies like cloud, Artificial Intelligence and Machine Learning;
- respond to increased privacy regulations globally and the increasing prominence of first-party-data; and
- scale personalised and secure consumer experiences.

Despite this, the following is a summary of material business risks that could adversely affect the Group's financial performance and growth potential in future years.

Failure to retain existing customers and attract new customers

The Group's financial performance is dependent on its ability to retain customers and attract new customers to its products and services in a competitive market. Retention of customers is dependent on a number of factors including the customer business success and the market conditions in which they operate. It Is also dependent upon XPON's capability, pricing, customer support and value compared to competing offerings. In addition, following initial commitment periods under customer contracts there is no guarantee that customers will continue their engagement with XPON. If the Group is unable to execute successfully on its land and expand strategy and/or attract new customers this may have an adverse impact on the Group's operations, financial performance and growth targets.

Customer concentration

XPON is in its early stages of growth and accordingly may be impacted by the concentration of customers. The loss of, or significant adverse change in, the relationship between the Company and significant customers could have an adverse effect on the Company's business and financial results. The loss of or reduction in contracts from any significant customer, losses arising from customer disputes or the Company's inability to collect accounts receivable from any major customer could also have an adverse impact on the Company's business and financial results.

Relationship with key partners

The Group's business model relies on continuing strong relationships with key partners, in particular, its relationship with Google. Continuing strong relationships with key partners will be dependent on XPON ensuring its offering meets the needs of these partners and their customers. XPON's relationship with Google Cloud and Google Marketing Platform may be affected if Google decides to diversify and offer partnerships to XPON's competitors, to terminate the agreement, or for other reasons. Further, there is a degree of complexity in the partner agreements with Google and other partners and there is a risk that XPON may not have met all requirements in the agreements. A proportion of XPON's revenue is dependent on these partnerships and the loss of partnerships could cause the Company to lose growth momentum and may adversely impacts its financial and market performance.

Cyber security and potential breaches

The Group and its customers are dependent on the effective confidentiality, integrity and availability of its systems, information and operations in which it provides its marketing and customer experience solutions. There is a risk that the Group's systems, information or operations may be adversely affected or be subject to disruption as a result of internal or external threats, cyber attacks or system and user errors. There is a risk that the information security measures taken by the Group and its third-party operators will not be sufficient to prevent unauthorised access to this infrastructure.

Inability to Secure Future Funding

The Company may require further funding to meet its future obligations and there is a risk that the Company may be unable to secure funding. This could result in a significant strain on the Company's liquidity and financial position.

Reliance on key personnel

There are a number of key personnel who are strategically important to the group. They include the Executive team as well as key operational roles within the broader business. The loss of one or more of these key personnel could have a negative impact on the business. The Group seeks to mitigate this risk through maintaining its strong corporate culture, high employee satisfaction, succession planning and providing incentives linked to performance and tenure.

Regulatory risk and privacy
Information collected by customers as the primary controller and processed by XPON's offerings may include personal information of individuals some of which may be sensitive. Further, XPON may collect personal information related to its business (e.g. employees, investors, customers). Privacy, data protection and direct marketing regulation varies in the jurisdictions in which XPON operates. Claims relating to a breach of privacy regulation may adversely affect the Company's market and financial performance, particularly if the reputation of XPON's offerings is affected or compromised or if a large-scale privacy or confidentiality breach occurs. A breach may also result in additional regulatory scrutiny, damages, fines and other costs.

Jurisdictional risk
XPON operates in multiple jurisdictions. This increases the regulatory compliance burden and requires XPON to comply with multiple regulatory regimes with respect to its offerings. Different jurisdictions may adopt stricter or different approaches to regulation which may affect financial performance in those jurisdictions. Further, the Company has operations in markets where there is a potential risk of exposure to modern slavery and similar legislation, or social, political or economic instability. There is no guarantee that such instabilities will not occur, and should they occur, they may adversely impact XPON's market and financial performance.

Intellectual Property
The Company's ability to leverage its innovation and expertise depends upon its ability to protect its intellectual property and any improvements to it. The intellectual property may not be capable of being adequately legally protected, it may be the subject of unauthorised disclosure or be unlawfully infringed, the Company may not adequately identify breaches, or the Company may incur substantial costs in asserting or defending its intellectual property rights. Issues regarding the company's intellectual property rights may cause a material risk to XPON's business, market growth and financial performance. Further, the Company has developed its own intellectual property using tools and technology owned by third parties, including open-source technology. The Company may be subject to claims that its products, or its use of third-party products, breaches another party's intellectual property or other rights. This could result in significant costs and delays and may adversely impact the Company's market and financial performance.

Insurance
XPON offers a broad scope of information technology products and services and has obtained business insurances to cover these services and offerings. XPON consults periodically with its professional insurance advisors regarding its business insurances; however, there is a risk that XPON's existing policies may not cover all potential claims that XPON may sustain in the course of undertaking its business.

Currency exchange risk
XPON reports its financial performance in Australian dollars. However, XPON has customers in multiple jurisdictions. Fluctuations in the exchange rate between the AUD and currency in those jurisdictions may affect XPON's financial performance.

Macro Economic Factors
The Group's ability to retain and renew existing contracts and win new contracts may also be impacted by broader external factors including a slowdown in economic activity, changes to law or changes to the regulation of the internet and digital landscape generally. If the Group fails to adapt to these changes and retain existing customers, attract further business from existing customers and attract new customers, the Company's future financial performance and position may be adversely affected.

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

XPON is focused on the following priorities in FY25:

- Capitalise on our leading market position by driving continued AI innovation with Wondaris to accelerate sales cycles and enhance value realisation for customers;
- Focus on sustainable profitability by leveraging our relationship with Google for pipeline generation and growing our recurring customer base, supported by a strong NPS of 83;
- Explore strategic partnering and M&A opportunities to enhance shareholder value;
- Ensure XPON sustains a strong corporate culture and maintains high employee engagement and motivation;
- Address balance sheet and convertible note refinancing to strengthen financial stability; and
- Continue to monitor and manage our cost profile in line with business performance to achieve targeted cashflow break-even in FY25.

Environmental regulation

The Group is not subject to any significant environmental regulation on the jurisdiction where it has operations.

Information on Directors

The names of each person who has been a Director during the year and to the date of this report are:

Mark Simari Independent Non- Executive Chairman (appointed 8 April 2024)	**Qualifications** Bachelor of Business (Accounting) **Experience** Mark Simari has over 15 years of Board experience across a diverse range of ASX-listed organisations, as well as a demonstrable track record of driving growth and profitability as an ASX executive. Mark was the former Co-founder and Managing Director of Paragon Care (ASX: PGC) and was instrumental in Paragon Care becoming one of the largest independent healthcare suppliers in Australia and New Zealand, and during his leadership grew its market capitalisation from $2m to over $200m. He has been involved with numerous sell-side and buy side M&A transactions in his capacity as a director or corporate advisor. **Interest in Shares** 516,666 Fully Paid Ordinary Shares In the name of Charkaroo Pty Ltd as The Trustee for the Charmabelle Discretionary Trust 1,000,000 Fully Paid Ordinary Shares In the name of Jodmar Pty Ltd as The Trustee for MJ Bridge Superfund **Interest in Options** None **Interest In Performance Rights** 6,333,333 performance rights **Special responsibilities** Chair of XPON's Nomination & Remuneration Committee and a member of the Audit & Risk Management Committee **Other current directorships in listed entities** IDT Limited (ASX:IDT), Careteq Limited (ASX: CTQ) TALi Digital Limited (ASX: TD1) and Opyl Ltd (ASX: OPL) **Other directorships in listed entities held in the previous three years** Paragon Care (ASX: PGC)

James Olsen Independent Non-Executive Director (appointed 8 April 2024)	**Qualifications** Bachelor of Commerce (Finance) **Experience** Jamie Olsen brings over 28 years of experience in corporate finance, specialising in mergers and acquisitions within the technology, media, and entertainment sectors. His background features a blend of corporate advisory services and hands-on investment in technology-driven sectors, fostering growth from early-stage ventures to industry leaders. Jamie's recent experience includes Director of Investments for Catcha Group, one of the most established internet investment firms in Southeast Asia. Prior to that, he led his own corporate advisory firm, CMB Capital, where he advised a range of ASX listed and private companies on M&A transactions and capital raisings for technology companies. His earlier career included investment banking roles at Macquarie Capital and Citigroup. **Interest in Shares** 325,000 Fully Paid Ordinary Shares In the name of CMB Capital Pty Ltd 1,341,666 Fully Paid Ordinary Shares In the name of JAOBQ Pty Ltd as Trustee for JAOBQ Family Trust 8,333,334 Fully Paid Ordinary Shares In the name of SGC Equities Pty Ltd **Interest in Options** None **Interest In Performance Rights** 4,000,000 performance rights **Special responsibilities** Member of XPON's Nomination & Remuneration Committee and Chair of the Audit & Risk Management Committee **Other current directorships in listed entities** None **Other directorships in listed entities held in the previous three years** None

Matt Forman
Managing Director and CEO ("CEO")

Qualifications
Advanced Diploma in Business Management
Experience
Matt Forman is a seasoned entrepreneur with over 25 years of experience working with Internet businesses and technologies. He has senior experience in strategy, commercialisation, business development, marketing, and technology across a range of industries including retail, media, telecommunications, agriculture, advertising and technology.
Matt is the Founder and Group CEO of XPON with prior experience including Founder and CEO of Maverick Data Group, Founder & CEO of leading digital marketing agency Traffika, Co- Founder & CEO of 3Style Media and National Manager of FuelWatch.
Interest in Shares
104,954,986 Fully Paid Ordinary Shares in the name of Black Oak Ventures Pty Ltd as the Trustee for the MABL Family Trust
8,566,666 Fully Paid Ordinary Shares In the name of Black Oak Super Pty Ltd as the Trustee for the Black Oak Super Fund
Interest in Options
3,472,220 ordinary Options; 500,000 performance incentive Options
Share Appreciation Rights
1,585,835 Share Appreciation Rights
Special responsibilities
Member of XPON's Nomination & Remuneration Committee and Audit & Risk Management Committee
Other current directorships in listed entities
Nil
Other directorships in listed entities held in the previous three years
Nil

Phil Aris
Independent
Non- Executive Chairman
(resigned 8 April 2024)

Qualifications and experience
Bachelor of Economics, Masters of Management
Experience
Phil Aris has over 30 years of strategy, business development, executive, and governance experience across a range of industries including banking, financial services, health and technology.
Phil's executive experience includes roles as Managing Director and CEO at Countplus Limited, Chief Executive Officer of Total Finance Solutions Australia, Chief Executive Officer of the Australian Health Export Council and Head of Credit Cards for Commonwealth Bank (ASX.CBA).
Interest in Shares
2,354,850 Fully Paid Ordinary Shares in the name of Phillip Aris & Associates.
666,666 Fully Paid Ordinary Shares Aris & Associates Pty Limited (Aris & Associates) as trustee for the Phillip Aris Super Fund
Interest in Options
972,220 ordinary Options
Other directorships in listed entities at time of resignation
Credit Corp (ASX.CCP)
Other directorships in listed entities held in the previous three years
None

Tim Ebbeck Independent Non-Executive Director (resigned 8 April 2024)	**Qualifications** Bachelor of Economics and Accounting, Graduate member of Australian Institute of Company Directors, Fellow CPA Australia, Fellow Australian Institute of Leaders and Managers **Experience** Tim Ebbeck has over 35 years of board, executive, and advisory experience across a breadth of industries including technology, software, AI, blockchain, telecommunications, professional services, infrastructure, health, media, sports and the arts. Tim's executive experience includes roles as Chief Executive Officer at SAP (ANZ), Chief Executive of Oracle (ANZ), Chief Commercial Officer of SAP (APJ), Chief Commercial Officers of NBN Co, as well as Chief Financial Officer of Unisys South Pacific and TMP Worldwide. **Interest in Shares** 200,000 Fully Paid Ordinary Shares in the name of Ebbeck Holdings Pty Ltd as The Trustee of Ebbeck Superannuation Fund 400,000 Fully Paid Ordinary Shares in the name of Ebbeck Holdings Pty Ltd as The Trustee of Ebbeck Super Fund **Interest in Options** 375,000 ordinary Options **Other directorships in listed entities at time of resignation** ReadyTech Limited (ASX.RDY) **Other directorships in listed entities held in the previous three years** Envirosuite Limited (ASX: EVS) and Tymlez (ASX:TYM)
Jodie Leonard Independent Non-Executive Director (resigned 8 April 2024)	**Qualifications** Bachelor of Business, Graduate of the Australian Institute of Company Directors and Member of Chief Executive Women. **Experience** Jodie Leonard is an experienced Non-Executive Director with a focus on high growth businesses undertaking digital transformation. Jodie brings more than 30 years of global experience in corporate strategy, marketing, and digital disruption in ASX, NYSE and FTSE-listed companies including GE, Telstra, British Airways and the Nine Network. Jodie is currently on the Board of Great Ocean Road Coast & Parks Authority and was previously a Non-Executive Director of BWX Limited (ASX: BWX), Flexigroup Limited (now ASX: HUM), RACV Limited, Beyond Bank Australia Limited, Kinetic Superannuation Limited, Racing Victoria Limited and Tourism North East. **Interest in Shares** 504,615 Fully Paid Ordinary Shares in the name of Tranquility Rose Pty Ltd as The Trustee for the J Leonard Superannuation Fund **Interest in Options** None **Other directorships in listed entities at time of resignation** Pacific Smiles Group Limited (ASX:PSQ), Regis Healthcare Limited (ASX: REG) **Other directorships in listed entities held in the previous three years** Selfwealth Ltd (ASX:SWF), X2M Connect Limited (ASX:X2M)

Joint Company Secretary - Hasaka Martin (appointed 8 April 2024)	Mr. Martin has over 20 years of experience working with listed companies both internally and through corporate service providers and has worked across several industries. Hasaka is an appointed Company Secretary for several listed and unlisted companies. He is a Chartered Secretary and a Fellow of the Governance Institute of Australia. Mr. Martin holds a Graduate Diploma in Applied Corporate Governance and postgraduate qualifications in corporate and securities law.
Joint Company Secretary - Sally Greenwood (appointed 8 April 2024)	Ms. Greenwood is a qualified Governance Professional (CGI) and Associate of the Governance Institute of Australia (GIA), who holds a Masters degree in Law and Corporate Governance and an undergraduate degree in Law. Ms Greenwood is currently Company Secretary of and provides company secretarial support to ASX listed, unlisted public and private companies across a range of industries including financial services, charities, technology and education. Prior to moving to Australia, Ms Greenwood worked for a FT250 Financial Services provider, providing company secretarial services In-house.
Company secretary – Clare Craven (resigned 8 April 2024)	Clare has over 20 years' legal, company secretarial and governance experience gained in various listed and private companies. She has a deep understanding of financial services, wealth management, corporate governance, risk management and compliance. Clare has held various senior leadership roles at Westpac Banking Corporation including Head of Westpac Secretariat, Head of Westpac Subsidiaries and Head of BT Secretariat. Clare's previous roles included Company Secretarial Consultant to various public and private companies in the financial services, construction, insurance and health services sector, legal and corporate advisory roles at NRMA Ltd and NRMA Insurance Limited (including Company Secretary), and as an Associate Solicitor in private practice.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2024, and the number of meetings attended by each Director were:

	Board		Nomination and Remuneration Committee (NRC)		Audit and Risk Management Committee (ARMC)		Committee of Directors (COD)	
	A	B	A	B	A	B	A	B
Mark Simari [1]	4	4	0	0	0	0	0	0
James Olsen [1]	4	4	0	0	0	0	0	0
Matt Forman	34	33					2	2
Phil Aris [2]	30	30	3	3	5	5	2	2
Tim Ebbeck [2]	30	30	3	3	5	5	0	0
Jodie Leonard [2]	30	30	3	3	5	5	0	0

A – Number of meetings eligible to attend
B – Numbers of meetings attended
1. Mr Simari and Mr Olsen were appointed on 8 April 2024.
2. Mr Aris, Mr Ebbeck and Ms Leonard resigned on 8 April 2024.

Shares under Option

Unissued Ordinary Shares of XPON and Controlled Entities under Option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number Issued Under Option	Number Options Forfeited as at 30 June 2024	Number Options Vested as at date of report	Balance under Option Unvested
30-June-2020	1-Jul-2030	$0.11	15,879,305	-	15,629,305	250,000
31 May-2021	01-Jun-2031	$0.13	461,540	-	-	461,540
12-Jun-2021	13-Jun-2031	$0.13	461,540	-	-	461,540
01-Jul-2021	02-Jul-2031	$0.11	3,922,220	-	3,722,220	250,000
27-Sep-2021	28-Sep-2031	$0.20	1,500,000	-	-	1,500,000
30-Sep-2021	01-Oct-2031	$0.11	4,924,070	4,924,070	-	-
08-Nov-2021	09-Nov-2031	$0.20	375,000	-	-	375,000
			27,573,675	4,924,070	19,351,525	3,298,080

Included in these Options were 3,972,220 Options granted as remuneration to Directors and KMP. Details of Options granted to KMP are disclosed at section 5.4.3 of the Remuneration Report. In addition, 23,601,455 Options were granted to previous KMP and employees in essential roles of the group, but who are not KMP and hence not disclosed in the remuneration report.

No Option holder has any right under the Options to participate in any other Share issue of the Company or any other entity.

Indemnity and insurance of officers

During or since the end of the financial year, the Company has paid or agreed to pay a premium in respect of a contract of insurance insuring Directors, officers and employees of the Company and its subsidiaries against certain liabilities incurred in that capacity. Disclosure of the total amount of the premiums and the nature of the liabilities in respect of such insurance is prohibited by the contract of insurance.

Under the terms of the Executive service agreement with Mr Forman, the Company has agreed to indemnify and keep indemnified Mr Forman in respect of loss suffered by him under certain personal guarantees Mr Forman has provided to third parties for the obligations of the Company's subsidiary, Datisan Pty Ltd. The personal guarantees relate to Datisan Pty Ltd's obligations under its credit card facilities.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Non-audit services

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, BDO Audit Pty Ltd, and its related practices:

	2024 $	2023 $
Other non-assurance services		
Tax compliance services	44,750	27,500

Details of the amounts paid or payable to the Company's auditor and related practices of the auditor for non-audit services provided during the year are set out above. The Board has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the Corporations Act 2001, for the year ended 30 June 2024 has been received and can be found on page 53 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Mark Simari
Chairman and Non-Executive Director

Matt Forman
Group Managing Director and CEO

27 August 2024

Remuneration Report (audited)

The Remuneration Report is set out under the headings below:

This report details the remuneration arrangements for the Key Management Personnel ("KMP") of XPON, in accordance with the requirements of the Corporations Act 2001 and its regulations.

Persons covered in the Remuneration Report

Non-Executive Directors	Role
Mark Simari	Independent Non-Executive Director, Chair of the Board, Chair of the Nominations and Remuneration Committee, a member of the Audit & Risk Management Committee, appointed to the Board on 8 April 2024.
James Olsen	Independent Non-Executive Director, Chair of the Audit & Risk Management Committee, a member of the Nomination & Remuneration Committee, appointed to the Board on 8 April 2024.
Phil Aris	Independent Non-Executive Director, Chair of the Board, a member of the Nominations and Remuneration Committee, a member of the Audit & Risk Management Committee, appointed to the Board on 26 September 2019. Resigned on 8 April 2024
Tim Ebbeck	Independent Non-Executive Director, Chair of the Audit & Risk Management Committee, a member of the Nomination & Remuneration Committee, appointed to the Board on 20 July 2021. Resigned on 8 April 2024.
Jodie Leonard	Independent Non-Executive Director, the Chair of the Nomination & Remuneration Committee, a member of the Audit & Risk Management Committee, appointed to the Board on 12 September 2022. Resigned on 8 April 2024.

Executives	Role
Matt Forman	Group CEO and Managing Director ("CEO") appointed on 27 August 2019.
Lisa Young	Chief Financial Officer ("CFO") appointed on 15 May 2023.
Leanne Wolski	Chief Financial Officer ("CFO") retired on 7 July 2023.

1. REMUNERATION AT A GLANCE

The remuneration framework is designed to support delivery of XPON's strategic priorities:

- Scaled and engaged team;
- Global standardisation;
- Shortened time to value;
- Valuable and defensible IP;
- Partner for growth; and
- Optimised capital Investments.

Remuneration Principles

Clear principles guide the remuneration decisions and design and form the basis of XPON's Remuneration Policy. The key principles are:

- Attract and retain talent;
- Aligned with strategy;
- Performance focussed;
- Reward fairly; and
- Merit based.

1.1 Remuneration Framework

The remuneration framework has been designed to align Executive reward to shareholders' interests and includes:

Total Fixed Remuneration (TFR)

TFR consists of base salary and superannuation.

TFR is set in relation to the external market and considers:

- strategic value of the role;
- size and complexity of the role;
- individual responsibilities; and
- experience and skills.

TFR is positioned broadly in line with the 50th percentile of similar companies.

Short Term Incentive (STI)

The STI is paid as cash for achievement of a mix of short-term corporate and personal targets and ordinarily reflect the early stage of the company.

In FY24, due to the material change in the business given the UK App Mod divestment, no STI incentives were made available and the STI and LTI Plan was paused.

Long Term Incentive (LTI)

The LTI aligns Executives with the Company performance and with the goals of shareholders.

The FY23 LTI is awarded as Share Appreciation Rights (SARs) that vest subject to performance of the CAGR of ARR over a two-year period.

The FY24 LTI Plan was paused, due to the material change in the business given the UK App Mod divestment.

1.2 FY24 Executive KMP Remuneration Mix

The remuneration mix KMP are eligible to earn in FY24 is as follows:

	Total Fixed Remuneration (TFR)	Target STI [1]	Target LTI [1]
Matt Forman - CEO	100%	n/a	n/a
Lisa Young - CFO	100%	n/a	n/a

1. In FY24, due to the material change in the business given the UK App Mod divestment, no incentives were made available and the STI and LTI Plan was paused.

1.3 Summary of how the Company performed

We aim to align our executive remuneration to our strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the Group's financial performance over the last five years as required by the Corporations Act 2001. However, these are not necessarily directly aligned with the measures used in determining the variable amounts of remuneration to be awarded to KMPs, as outlined in section 2.2 and 2.3 below. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

Performance Metric	FY24	FY23	FY22	FY21	FY20
STI outcome achieved [2]	0%	0%	100%	n/a	n/a
LTI Outcome - % vesting [1 2]	0%	50%	0%	n/a	n/a
Dividends per Share – ordinary (cents)	-	-	-	-	-
Share Price $ (60-day VWAP to 30 June) [3]	0.01	0.09	0.16	n/a	n/a
Share Price $ (30 June) [3]	0.02	0.05	0.12	n/a	n/a
Adjusted Statutory EBITDA $million [6]	(1.65)	(6.13)	(4.19)	(1.56)	(1.73)
Loss after income tax expense $million	(6.76)	(8.69)	(6.30)	(1.93)	(1.97)
Total Shareholder Return (TSR) $ [5]	(0.04)	(0.08)	(0.08)	n/a	n/a
Basic Earnings Per Share (EPS) cents [4]	(2.18)	(2.86)	(2.32)	(0.89)	(1.20)

1. Calculated as the % of equity eligible to vest in the year.
2. Formal incentive plans were not in place for years prior to listing.
3. Listed Share price not available for FY19, FY20 and FY21 as the Company was not listed on the Australian Securities exchange until 16 December 2021. As the Company is thinly traded, the share price is subject to volatility and accordingly a 60-day VWAP is considered a more representative measure of the share price at the end of the financial year.
4. On 5 November 2021 the Group undertook a 5-1 Share split.
5. TSR is calculated as the movement in the listed Share price during the financial year plus dividends. Listed Share price not available for FY19, FY20 and FY21 (as the Company was not listed on the Australian Securities exchange until 16 December 2021) and accordingly no TSR calculated.
6. Adjusted EBITDA is a non-IFRS measure and is calculated by excluding Finance, Write-off of investment, M&A, Disposal of Subsidiaries, Onerous Contracts, Restructure and IPO related costs. Adjusted EBITDA is a key earning measure used by management in operating the business and assessing performance.

Executive KMP Remuneration Summary FY24

EXECUTIVE KMP	Total Fixed Remuneration $	Other Benefits $	FY24 STI $	FY24 Share Based Payments $ [1]	TOTAL $
Matt Forman	395,357	25,025	-	85,513	505,895
Lisa Young	306,414	-	-	-	306,414
Total	**701,771**	**25,025**	**-**	**85,513**	**812,309**

1. Share Based payments relate to Share Appreciation Rights issued during FY23

Executive KMP Remuneration Summary FY23

EXECUTIVE KMP	Total Fixed Remuneration $	Other Benefits $	FY23 STI $ [1]	FY23 Share Based Payments $ [2]	TOTAL $
Matt Forman	312,007	23,526	-	196,044	531,577
Leanne Wolski [1]	277,440	-	-	70,220	347,660
Lisa Young [1]	39,772	-	-	-	39,772
Total	**629,219**	**23,526**	**-**	**266,264**	**919,009**

1. Ms. Young's remuneration is pro rata to her commencement date of 15 May 2023. She is not eligible for an STI or LTI in FY23 due to the timing of her appointment. Ms Wolski retired on 7 July 2023.
2. Share Based payments includes amortisation of Options issued prior to the IPO

2. EXECUTIVE KMP REMUNERATION

The Company aims to reward Executives based on their position, individual responsibilities and the value they add to the Company. The remuneration mix is comprised of both fixed and variable elements, with the at risk component providing upside to the Executive that aligns them with shareholder interests. The Executive Remuneration and reward framework has three components as outlined in 1.1. The combination of these comprises the Executive's Total Remuneration.

2.1 Fixed Remuneration

Fixed Remuneration is reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the Group and market comparable remuneration levels. Fixed Remuneration is paid as cash to Executives with superannuation paid to the nominated superannuation account.

2.2 Short Term Incentive

The Company currently provides the Executive team with cash based Short Term Incentives (STIs) which become payable upon satisfaction of specified performance criteria set by the Board on an annual basis. Each eligible team member is subject to the performance assessment criteria as outlined in the annual STI Targets.

FY24 Short Term Incentive (STI) Plan and Outcomes

In FY24, due to the material change in the business given the UK App Mod divestment, no incentives were made available and the STI Plan was paused. Accordingly, no STI were awarded to KMP in relation to FY24.

2.3 Long Term Incentive (LTI)

The LTI plan is designed to align KMP with shareholder objectives and expectations and outcomes. The LTI plan plays an important part in retaining key Executives.

Pre IPO

The Company implemented a Share Option plan in June 2020 (Share Option Plan), under which Directors and key employees identified by the Board were offered participation under the Share Option Plan in the form of Options.

Equity awarded at time of listing on the ASX

XPON adopted a long-term incentive plan upon its listing on the ASX, the Omnibus Incentive Plan ("OIP"). Key employees identified by the Board were offered participation under the OIP in the form of Options .

An Option confers a right to acquire a Share during the exercise period, subject to the satisfaction of vesting conditions, the payment of the exercise price for the Option (including through a cashless exercise facility) set out in the offer, and otherwise in the manner required by the Board and specified by the offer.

Vesting of the Options is subject to the satisfaction of service-based conditions and/or performance hurdles which, when satisfied, allow participants to receive Shares or vested options or rights which are exercisable over Shares. Details of Options awarded at the time of listing are outlined in the Prospectus.

Executive KMP issued Options under the OIP may not dispose of an Option or Share issued on exercise of an Option until the earlier of three (3) years after the issue of the Options, the employee resigns or is made redundant.

The Board will no longer issue securities under the OIP given approval of the new Employee Incentive Securities Plan ("EISP") at the October 2023 Annual General Meeting.

Employee Incentive Securities Plan ("EISP")

In FY24, the following changes were made to the remuneration structures following approval of the EISP at the October 2023 Annual General Meeting.

- Given the early stage of the Company's development, and to more simply align incentives to the Company's short term performance, a combined STI and LTI incentive plan is to be implemented.
- The combined incentive plan focusses on the delivery of key business objectives.
- The combined incentive plan will provide Executives with the ability to earn both a cash and deferred equity component.
- The new EISP was taken to the October 2023 Annual General Meeting for approval and following approval, the OIP was retired from 30 June 2023. Equity will no longer be awarded under the OIP.
- The new EISP simplifies administration, meets all updated regulatory requirements and ensures the Company has the flexibility to award a broader set of equity instruments than allowed for in the existing plan.
- Due to the material change in the business given the UK App Mod divestment, no incentives were made available and the STI and LTI Plan was paused.

Share Appreciation Rights (SARs)

During FY23 the Board determined to award SARs under the terms of the OIP. SARs are rights to receive an award from the Company which may be satisfied by the issue and/or transfer of Shares (equity settlement), cash payment (cash settlement), or a combination of both, as determined by the Board, subject to the satisfaction and/or waiver of vesting conditions.

Each SAR confers an entitlement to receive one Share, subject to meeting certain conditions. The award is calculated by reference to an increase in the Share price from a base price as determined by the Board prior to the grant of the SAR, and the 60-trading day volume-weighted average price per Share traded on ASX immediately preceding the time that the performance hurdles and/or other conditions are satisfied and/or waived.

There were no SARs granted in FY24 or prior to FY23 - no SARs had vested as of 30 June 2024. Further detail on the SAR arrangements for FY23 are provided below.

At the 24 October 2022 Annual General Meeting, shareholders approved the grant of a total of 2,569,038 SARs to the CEO (1,585,835 SARs) and Non-Executive Directors (983,203 SARs) under XPON's OIP. SARs were to be offered to Non-Executive Directors as a way of preserving cash. The Non-Executive Directors decided not to take up the proposed SARs offer and the remuneration benefit was forgone. Details of what was approved by Shareholders is as follows:

	Number of SARs	Value of SARs	Value of SARs foregone by NEDs in FY23
Chair - Phil Aris	468,267	$47,295	$47,295
NED - Tim Ebbeck	286,163	$28,903	$28,903
NED - Jodie Leonard [1]	228,773	$23,106	$23,106
CEO – Matt Forman	1,585,835	$160,169	-

1. Ms. Leonard was appointed on 12 September 2022 and her award was proposed on a pro rata basis

The performance conditions attached to the CEO Share Appreciation Rights are as follows:

CAGR ARR	% SARs Vest
<30%	Nil vesting
30%	50%
40%	75%
45%	100%

Straight line vesting applies between the scales.

A summary of the CEO's key LTI plan terms and conditions follows:

Number of SARs awarded	LTI $ value / deemed value of SARs
Value of Award at Time of Grant	$0.1077, based on a Monte Carlo Simulation valuation
Grant Price	Nil Consideration
Share Price at time of Grant	$0.16
Share Price at time of Exercise	60-trading day VWAP up to but not including the exercise date
Base Price (A)	Grant date Share price being 60-trading day VWAP up to but not including grant date
Exercise date Share Price (B)	Exercise date Share price being 60-trading day VWAP up to but not including the date on which the SARs are exercised
Performance Period	1 July 2022 to 30 June 2024
Exercise period	From the Vesting Date to the date which is 5 years from the date the SARs are granted.
SAR value (C)	SAR value at exercise x number of vested = (B – A) x Vested SARs = SAR value to be settled in cash or Shares
Cash or Share settlement	The Board has the discretion on vesting of SARs to award in part or whole in cash.
Share-settled SARs	If SARs value is settled in Shares, the number of Shares will be determined as: # of Shares = (C) / (B)
Cash-settled SARs	If the SAR value is settled in cash, cash will be equal to (B-A) x Vested SARs

Expiry date	The SARs expire on the fifth anniversary of grant date
Vesting Dates and vesting conditions	Vesting Date is the date on which the Board determines the level of vesting of the SARs. The SARs will vest at the determination of the Board after release of audited financial results for FY24 on satisfaction of the following conditions: ▪ Must be employed at time of vesting. ▪ CAGR targets are met; and ▪ Achieve operating cashflow breakeven for the full year FY24.
Plan Rules	The OIP rules apply
Participant	Employee or nominated entity
Dividend and Voting rights	Dividends will not be paid on SARs, and they do not have voting rights.
Holding Lock	Will be applied to any Shares issued upon exercise of the proposed SARs by the CEO prior to 30 June 2025.
Malus	In the event of fraud, dishonesty, breach of obligations, or in the opinion of the Board vesting of the SARs would result in an inappropriate benefit, the Board may make a determination, including the forfeiture of unvested SARs, to ensure that no unfair benefit is obtained.
Board Discretion	The Board maintains absolute discretion to deal with unvested SARs on cessation of employment
Change in Control	Notwithstanding the terms of the OIP, In the event of a takeover, scheme or arrangement or other transaction that may result in a person or entity becoming entitled to exercise control over the Company, the Board has absolute discretion to determine the extent to which unvested SARs may vest or lapse, or whether any resulting Shares which are subject to a restriction period should become unrestricted.
Restrictions on disposal	In the event the vested SARs are exercised prior to 30 June 2025, the Shares acquired on exercise will be restricted from sale for the period from the date of acquisition to 30 June 2025 inclusive. A holding lock will be imposed on any such Shares to facilitate the restriction on disposal.

Performance rights

At the 19 June 2024 Extraordinary General Meeting, shareholders approved the issue of Performance Rights to Non-Executive Directors under the terms of the EISP. Performance Rights are rights to receive shares from the Company, subject to the satisfaction and/or waiver of vesting conditions.
A summary of the Non-Executive Director Performance Rights and vesting conditions are as follows:

	Grant Date	Expiry Date	Vesting Conditions	Number of Performance Rights Granted	Exercise price	Fair value of each Performance Right at grant date
Mark Simari	19-Jun-24	20-Jun-29	Vesting quarterly over four consecutive tranches for each service period (i.e. 8-Jul-24, 8-Oct-24, 8-Jan-25, 8-Apr-25)	6,333,333	Nil	$0.015
James Olsen	19-Jun-24	20-Jun-29	Vesting quarterly over four consecutive tranches for each service period (i.e. 8-Jul-24, 8-Oct-24, 8-Jan-25, 8-Apr-25)	4,000,000	Nil	$0.015
				10,333,333		

2.4 Service Agreements

All Executive KMP are employed on service agreements that detail their remuneration arrangements. The agreements are open ended, although the service agreements may be terminated with the provision of specified notice. Below is a summary of the termination provisions for Executive KMP.

Executive KMP	Roles	Period of notice from XPON	Period of notice from employee	Termination payments [1]
Matt Forman	Chief Executive Officer	12 months	6 months	12 months
Lisa Young	Chief Financial Officer	4 months	4 months	4 months

1. Termination payments are based on base salary, excluding superannuation for Mr. Forman and base salary, including superannuation for Ms. Young

3. GOVERNANCE

3.1 The Role of the Board

Ultimately, the Board is responsible for the Company's remuneration policies and practices. The role of the Board is to ensure that appropriate and effective remuneration packages and policies are in place to attract and retain high quality Executives and Non-Executives Directors, and to motivate Executives to create value for our shareholders.

When reviewing performance and determining incentive outcomes, the Board ensures that performance outcomes align with market-reported results, execution of approved strategy and shareholder outcomes. To achieve this alignment, the Board retains discretion over final performance and incentive outcomes and recognises that there are limited cases where adjustments should be sought.

The Board also monitors compliance with Board approved remuneration policies and practices and stays abreast of remuneration trends and the general external environment.

3.2 Role of the Nomination and Remuneration Committee (NRC)

The Nomination and Remunerations Committee's role is to review and make recommendations to the Board on remuneration packages and policies related to the Directors and Executives, and to ensure the remuneration policies and practices are appropriate and aligned to Company performance and shareholder expectations.

Under its delegation of authority, the NRC is empowered by the Board to engage external consultants and other professional advisors if necessary to carry out its duties. The NRC ensures the CEO is not present at any discussions relating to the determination of his own remuneration.

Independent Remuneration Advisors

From time to time, the NRC may receive advice from independent remuneration consultants on benchmarks for Non-Executive Director and Executive remuneration arrangements. Benchmarks consider similar organisations in the Australian technology industry and other companies where it competes for talent. If advisors are engaged, they report directly to the Chair of the NRC. The agreement for the provision of remuneration consulting services is executed by the Chair of the NRC under delegated authority on behalf of the Board. No advisors were engaged for the 2024 financial year.

4. NON-EXECUTIVE DIRECTOR (NED) REMUNERATION

4.1 Remuneration policy and structure

Fees and payments to Non-Executive Directors reflect the demands and responsibilities of their role. Non-Executive Directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee and may consider independent benchmark information to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market. The Chair's fees are determined independently to the fees of other Non-Executive Directors based on comparative roles in the external market. The Chair is not present at any discussions relating to the determination of his own remuneration. Given the early stage of the Company and in order to preserve cash, Non-Executive Directors are eligible to receive equity as part of their remuneration. Non-Executive Directors can only be awarded equity if approved by shareholders at a General Meeting.

ASX listing rules require the aggregate Non-Executive Directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 24 October 2022, where the shareholders approved a maximum annual aggregate remuneration of $500,000. For the financial year ended 30 June 2024, the fees payable to the current Non-Executive Directors (whether in cash or securities) did not exceed $500,000 in aggregate.

	2024 Fixed remuneration including superannuation	2023 Fixed remuneration including superannuation
Chair - Phil Aris [1]	$73,410	$94,590
Chair - Mark Simari [2]	-	-
Non-Executive Directors [1]	$90,714	$57,805
Non-Executive Director [2]	-	-

1. Remuneration to Mr Aris, Mr Ebbeck, and Ms Leonard was on a pro rata basis commensurate with their 8 April 2024 resignation.
2. Remuneration to Mr Simari and Mr Olsen was on a pro rata basis commensurate with their 8 April 2024 appointment. Performance Rights have been offered to Mr Simari and Mr Olsen in lieu of cash fixed remuneration - refer to note 24(c).

Any Non-Executive Director who devotes special attention to the business of the Group or who perform services which, in the opinion of the Nomination and Remuneration Committee, are outside the scope of ordinary duties of a Director, may be remunerated for the services by the Company. There are no retirement benefit schemes for Directors, other than statutory superannuation contributions. No additional fees were paid to Non-Executive Directors in FY24.

Prior to listing, Non-Executive Directors were able to take part in the Company's Long Term Incentive Plan as part of their remuneration. Non-Executive Directors were awarded Options to ensure alignment with the Company goals in the initial phase of the Companies listing. As part of the IPO process, Options issued to Directors were subject to service conditions and the amount was not sufficiently material to influence independence.

4.2 Non-Executive Director Minimum Shareholder Requirements

On 22 September 2022, the Directors approved a Minimum Shareholder Requirement Policy (MSR) that within 3 years requires Directors to hold Shares in the Company equivalent to the value of 1 year's Director fees. All Non-Executive Directors have independently purchased Shares and are on track to meeting the Company's minimum shareholder requirements. The Non-Executive Directors' investments in the Company further aligns them with the interest of all shareholders.

5. DETAILS OF REMUNERATION

The KMP of the Company consisted of the following Non-Executive Directors of XPON Technology Group Limited for the full year unless specified:

- Mr Mark Simari (appointed 8 April 2024);
- Mr James Olsen (appointed 8 April 2024);
- Mr Phil Aris (resigned 8 April 2024);
- Mr Timothy Ebbeck (resigned 8 April 2024); and
- Ms Jodie Leonard (resigned 8 April 2024).

And the following Executive KMP:

- Mr Matt Forman;
- Ms Lisa Young; and
- Ms Leanne Wolski.

5.1 Amounts of remuneration

Details of the remuneration of KMP of the Group are set out in the following tables.

2024 KMP Remuneration Details

	Short Term Benefits				Post-employment benefits	Long-term benefits	Share Based Payments					
Name	Cash base salary and fees $	Cash bonus / STI $	Annual leave $ [2]	Other benefits $ [1]	Super-annuation $	Long service leave $ [2]	LTI Options [4] $	LTI Performance Options $	Share Appreciation Rights $ [4]	Total $	Perfor-mance related (incl SARs) % [5]	Perfor-mance related (excl SARs) % [5]
NED remuneration [3]												
Mark Simari [7]	-	-	-	-	-	-	-	6,049	-	**6,049**	100%	100%
James Olsen [7]	-	-	-	-	-	-	-	3,819	-	**3,819**	100%	100%
Phil Aris [6]	73,410	-	-	-	-	-	-	-	-	**73,410**	0%	0%
Tim Ebbeck [6]	44,703	-	-	-	-	-	11,640	-	-	**56,343**	21%	21%
Jodie Leonard [6]	46,012	-	-	-	-	-	-	-	-	**46,012**	n/a	n/a
Total NED remuneration	**164,125**	**-**	**-**	**-**	**-**	**-**	**11,640**	**9,868**	**-**	**185,633**	**12%**	**12%**
Executive KMP												
Matt Forman	262,750	-	37,792	25,025	28,325	66,490	-	-	85,513	**505,895**	17%	n/a
Lisa Young	271,493	-	5,057	-	29,864	-	-	-	-	**306,414**	n/a	n/a
Leanne Wolski [8]	-	-	10,563	-	513	-	-	-	-	**11,076**	n/a	n/a
Total Executive KMP	**534,243**	**-**	**53,412**	**25,025**	**58,702**	**66,490**	**-**	**-**	**85,513**	**823,385**	**10%**	**n/a**
Total KMP remuneration expensed	**698,368**	**-**	**53,412**	**25,025**	**58,702**	**66,490**	**11,640**	**9,868**	**85,513**	**1,009,018**	**11%**	**2%**

1. Other benefits include motor vehicle expenses for Mr Forman.
2. Movements for the year ending 2024.
3. NED cash salary and fees include superannuation; NED LTI Options reflect amortisation of Options issued prior to the IPO; and LTI Performance Options reflect Performance Rights in lieu of cash remuneration
4. Share Appreciation Rights for NEDs were foregone during FY23, however the accounting standards require the recognition of the remaining value in the Financial Statements of the SAR expense .
5. Calculated as cash bonus/STI and Share based payments (including or excluding SARs as indicated) over total remuneration.
6. Mr Aris, Mr Ebbeck and Ms Leonard resigned on 8 April 2024 – remuneration details are provided up until the resignation date.
7. Mr Simari and Mr Olsen commenced on 8 April 2024.
8. Ms Wolski retired on 7 July 2023.

2023 KMP Remuneration Details

	Short Term Benefits				Post-employment benefits	Long-term benefits	Share Based Payments					
Name	Cash base salary and fees $	Cash bonus / STI $	Annual leave $ [2]	Other benefits $ [1]	Super-annuation $	Long service leave $ [2]	LTI Options [5] $	LTI Performance Options $	Share Appreciation Rights $ [6]	Total $	Perfor-mance related (incl SARs) % [7]	Perfor-mance related (excl SARs) % [7]
NED remuneration [5]												
Phil Aris	94,583	-	-	-	-	-	21,529	-	50,432	**166,544**	43%	13%
Tim Ebbeck	57,805	-	-	-	-	-	10,243	-	30,820	**98,868**	42%	10%
Jodie Leonard [3]	46,484	-	-	-	-	-	-	-	24,656	**71,140**	35%	-
Total NED remuneration	**198,872**	-	-	-	-	-	**31,772**	-	**105,908**	**336,552**	**41%**	**9%**
Executive KMP												
Matt Forman	262,750	-	9,083	23,526	32,976	7,198	96,822	13,942	85,280	**531,577**	37%	n/a
Leanne Wolski	239,954	-	7,329	-	30,157	-	70,220	-	-	**347,660**	20%	n/a
Lisa Young [4]	35,993	-	2,959	-	3,779	-	-	-	-	**42,731**	-	-
Total Executive KMP	**538,697**	**-**	**19,371**	**23,526**	**66,912**	**7,198**	**167,042**	**13,942**	**85,280**	**921,968**	**29%**	**n/a**
Total KMP remuneration expensed	**737,569**	**-**	**19,371**	**23,526**	**66,912**	**7,198**	**198,814**	**13,942**	**191,188**	**1,258,520**	**32%**	**n/a**

1. Other benefits include motor vehicle expenses for Mr Forman.
2. Movements for the year ending 2023.
3. Ms Leonard commenced on 12 September 2022.
4. Ms Young commenced on 15 May 2023.
5. NED cash salary and fees include superannuation and NED LTI Options reflect amortisation of Options issued prior to the IPO
6. Share Appreciation Rights for NEDs were foregone during FY23, however the accounting standards require the recognition of the remaining value in the Financial Statements of the SAR expense .
7. Calculated as cash bonus/STI and Share based payments (including or excluding SARs as indicated) over total remuneration.

5.2 At Risk Remuneration Summary

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration [1]		At risk - STI		At risk - LTI [3]	
Name	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Non-Executive Directors [4]						
Mark Simari	-	-	-	-	100%	-
James Olsen	-	-	-	-	100%	-
Phil Aris	100%	57%	0%	0%	-	43%
Tim Ebbeck	79%	58%	0%	0%	21%	42%
Jodie Leonard	100%	65%	0%	0%	-	35%
Executive KMP						
Matt Forman	83%	63%	0%	0%	17%	37%
Leanne Wolski	100%	80%	-	-	-	20%
Lisa Young [2]	100%	100%	-	-	-	-

1. Fixed remuneration includes base salary, super and other benefits
2. Ms. Young was not eligible to earn an STI or LTI in FY23 due to timing of her appointment.
3. Share Appreciation Rights for NEDs were foregone during FY23, however the accounting standards require the recognition of the remaining value in the Financial Statements of the SAR expense.
4. Mr Aris, Mr Ebbeck and Ms Leonard resigned on 8 April 2024. Mr Simari and Mr Olsen commenced on 8 April 2024.

5.3 Cash Bonus

The proportion of the cash bonus paid/payable or forfeited is as follows:

	Cash bonus paid/payable		Cash bonus not achieved	
Name	**2024**	**2023**	**2024** [2]	**2023**
Executive KMP				
Matt Forman	0%	0%	n/a	100%
Leanne Wolski [1]	n/a	0%	n/a	100%
Lisa Young [1]	0%	n/a	n/a	n/a

1. Ms. Young was not eligible to earn an STI or LTI in FY23 due to timing of her appointment and Ms Wolski was not eligible to earn an STI or LTI in FY24 due to the timing of her resignation.
2. In FY24, due to the material change in the business given the UK App Mod divestment, no incentives were made available and the STI and LTI Plan was paused.

5.4 Share-based compensation

5.4.1 Issue of Shares

There were no Shares issued to KMP as part of compensation during the year ended 30 June 2024.

5.4.2 *Shares under Option*

Unissued Ordinary Shares of XPON and Controlled Entities under Option to KMP at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number Issued Under Option 1 July 2023	Number Options Forfeited as at 30 June 2024	Number Options Vested as at 30 June 2024	Other changes [1]	Balance under Option Unvested
30-June-2020	01-Jul-2030	$0.11	4,143,190	-	-	(4,143,190)	-
01-Jul-2021	02-Jul-2031	$0.11	3,722,220	-	3,472,220	-	250,000
08-Nov-2021	09-Nov-2031	$0.20	375,000	-	-	(375,000)	-
			8,240,410	**-**	**3,472,220**	**(4,518,190)**	**250,000**

1. Other changes relate to the resignation of Mr Aris and Mr Ebbeck on 8 April 2024 and the retirement of Ms Wolski on 7 July 2023, at which time they are no longer KMP and their options do not require disclosure.

No Option holder has any right under the Options to participate in any other Share issue of the Company or any other entity.

5.4.3 *Issue of Options*

There were no Options issued to KMP as part of compensation during the year ended 30 June 2024.

2024 Ordinary Option holdings of KMP

Name	Balance 1 July 2023	Granted during the reporting period	Exercised during the reporting period	Lapsed during the reporting period	Other changes [1]	Balance 30 June 2024	Vested during the reporting period	Vested and exercisable 30 June 2024	Unvested and not exercisable 30 June 2024
Non-Executive Directors									
Mark Simari	-	-	-	-	-	-	-	-	-
James Olsen	-	-	-	-	-	-	-	-	-
Phil Aris	972,220	-	-	-	(972,220)	-	-	-	-
Tim Ebbeck	375,000	-	-	-	(375,000)	-	-	-	-
Jodie Leonard	-	-	-	-	-	-	-	-	-
Executive KMP									
Matt Forman	3,472,220	-	-	-	-	3,472,220	3,472,220	3,472,220	-
Leanne Wolski	3,170,970	-	-	-	(3,170,970)	-	-	-	-
Lisa Young	-	-	-	-	-	-	-	-	-
Total	**7,990,410**	**-**	**-**	**-**	**(4,518,190)**	**3,472,220**	**3,472,220**	**3,472,220**	**-**

1. Other changes relate to the resignation of Mr Aris and Mr Ebbeck on 8 April 2024 and the retirement of Ms Wolski on 7 July 2023, at which time they are no longer KMP and their options do not require disclosure.

Name	Date of Grant	Date of Expiry	Date of Vesting	Number Granted	Share price at grant date	Fair value at grant date	Exercise price	Fair value at grant date
Non-Executive Directors								
Phil Aris	30-Jun-2020	01-Jul-2030	01-Jul-2023	972,220	$0.11	$0.07	$0.11	$64,647
Tim Ebbeck	08-Nov 2021	09-Nov-2031	08-Nov-2024	375,000	$0.20	$0.12	$0.20	$46,390
Executive KMP								
Matt Forman	01-Jul-2021	02-Jul-2031	01-Jul-2023	3,472,220	$0.11	$0.06	$0.11	$193,644
Leanne Wolski [1]	30-Jun-2020	01-Jul-2030	01-Jul-2023	3,170,970	$0.11	$0.07	$0.11	$210,851

1. Ms Wolski retired on 7 July 2023.

2024 Performance Incentive Options holdings of KMP

Name	Balance 1 July 2023	Granted during the reporting period	Exercised during the reporting period	Lapsed during the reporting period	Balance 30 June 2024	Vested during the reporting period	Vested and exercisable 30 June 2024	Unvested and not exercisable 30 June 2024
Executive KMP								
Matt Forman	500,000	-	-	-	500,000	-	250,000	250,000

Name	Date of Grant	Date of Expiry	Date of Vesting	Number Granted	Share price at grant date	Fair value at grant date	Exercise price	Fair value at grant date
Executive KMP								
Matt Forman	01-Jul-2021	02-Jul-2031	01-Jul 2023	500,000	$0.11	$0.06	$0.11	$27,885

The vesting conditions for Performance Incentive Options that vested in FY23 are:

Participant	Options	Vesting Conditions [1]
Matt Forman	250,000	Vested upon XPON achieving a minimum ARR of AU$10 million as at the end of each calendar month for a consecutive period of 12 months

The vesting conditions for the remaining performance incentive Options are:

Participant	Options	Vesting Conditions [1]
Matt Forman	250,000	Vests upon the XPON achieving a minimum ARR of AU$15 million as at the end of each calendar month for a consecutive period of 12 months

1. Non-AAS or IFRS financial measures - 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.

5.4.4 Issue of Share Appreciation Rights

The following Share Appreciation Rights were granted to KMP when approved by shareholders at the November 2022 AGM:

2023 Share Appreciation Rights (SARs) holdings granted to KMP

Name	Balance 1 July 2023	Approved by Shareholders to be granted during the reporting period	Granted during the reporting period	Cancelled during the period	Balance 30 June 2024	Vested during the reporting period	Vested and exercisable 30 June 2024	Vested but not exercisable 30 June 2024
Non-Executive Directors								
Phil Aris	-	-	-	-	-	-	-	-
Tim Ebbeck	-	-	-	-	-	-	-	-
Jodie Leonard	-	-	-	-	-	-	-	-
Executive KMP								
Matt Forman	1,585,835	-	-	-	1,585,835	-	-	-
Total	**1,585,835**	**-**	**-**	**-**	**1,585,835**	**-**	-	-

There were no SARs granted prior to FY23 and no SARs had vested as of 30 June 2024.

The Board has determined that for the purpose of calculating the number of SARs to be granted, the SAR value is $0.1077, based on a Monte Carlo Simulation (MCS) valuation methodology.

Issue of Performance Rights

The following Performance Rights were granted to KMP during FY24:

Name	Balance 1 July 2023	Granted during the reporting period	Balance 30 June 2024	Vested during the reporting period	Vested and exercisable 30 June 2024	Vested but not exercisable 30 June 2024
Non-Executive Directors						
Mark Simari	-	6,333,333	6,333,333	-	-	-
James Olsen	-	4,000,000	4,000,000	-	-	-
Total	**-**	**10,333,333**	**10,333,333**	**-**	**-**	**-**

5.4.5 Movement in Ordinary Shares

The number of Shares in the Company held (directly or indirectly) during the financial year by each Non-Executive Directors and Executive KMP or their related parties (their close family members or any entity they, or their close family members, control, jointly control or significantly influence) are set out below:

2024 Movement in Shares

Name	Balance at start of year [1]	Received as part of remuneration	Purchased on market	Disposal of shares	Other changes [2]	Balance at 30 June 2024
Non-Executive Directors						
Mark Simari	**-**	-	1,516,666	-	**-**	**1,516,666**
James Olsen [1]	**750,000**	-	9,250,000	-	**-**	**10,000,000**
Phil Aris	**3,021,516**	-	-	-	(3,021,516)	**-**
Tim Ebbeck	**600,000**	-	-	-	(600,000)	**-**
Jodie Leonard	**504,615**	-	-	-	(504,615)	**-**
Executive KMP						
Matt Forman	**104,288,320**	-	9,233,332	-	**-**	**113,521,652**
Lisa Young	**-**	-	-	-	**-**	**-**
Total	**109,164,451**	**-**	**19,999,998**	**-**	**(4,126,131)**	**125,038,318**

1. Mr Olsen was an existing holder of 750,000 Ordinary Shares at the date of his appointment on 8 April 2024.
2. Other changes relate to the resignation of Mr Aris, Mr Ebbeck and Ms Leonard on 8 April 2024, at which time they are no longer KMP and their shares do not require disclosure.

5.5 Additional disclosures relating to KMP

5.5.1 Loans to KMP and their related parties

There were no loans to KMP during the year.

5.5.2 Other transactions with KMP

Other related parties include close family members of KMP and entities that are controlled or significantly influenced by those KMP or their close family members.

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with KMP and their related parties:

	2024 $	2023 $
KMP related parties		
Belinda Forman – Remuneration	108,884	108,793

This concludes the remuneration report, which has been audited.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

Signed in accordance with a resolution of the Board of Directors:

Mark Simari
Chairman and Non-Executive Director

Matt Forman
Group Managing Director and CEO

27 August 2024

Auditor's independence declaration

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DECLARATION OF INDEPENDENCE BY R J LIDDELL TO THE DIRECTORS OF XPON TECHNOLOGIES GROUP LIMITED

As lead auditor of XPON Technologies Group Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of XPON Technologies Group Limited and the entities it controlled during the period.

R J Liddell

Director

BDO Audit Pty Ltd

Brisbane, 27 August 2024

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2024

	Note	2024 $	Restated* 2023 $
Revenue from contracts with customers	7	9,873,318	14,987,676
Cost of sales		(2,556,754)	(4,626,992)
Gross profit		7,316,564	10,360,684
Other income	7	193,307	277,125
Changes in fair value of financial liabilities		37,400	-
Superannuation expense		(534,990)	(767,338)
Employee expenses		(6,936,637)	(11,919,544)
Depreciation and Amortisation		(199,828)	(422,565)
Contractor expenses		(49,848)	(710,040)
Other expenses	8	(2,093,169)	(2,904,704)
Finance expenses		(265,930)	(12,309)
Sales and Marketing expense		(250,315)	(1,117,357)
IT and Facilities expense		(958,218)	(1,325,906)
Losses on disposal	5	(2,925,616)	-
Loss before income tax expense		**(6,667,280)**	**(8,541,954)**
Income tax expense	9	(93,901)	(145,052)
Loss after income tax expense for the year		**(6,761,181)**	**(8,687,006)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign controlled entities		(52,884)	18,400
Other comprehensive income for the year, net of tax		(52,884)	18,400
Total comprehensive loss for the year		**(6,814,065)**	**(8,668,606)**
		Cents	**Cents**
Earnings per Share for loss attributable to the ordinary equity holders of the Company:			
Basic earnings per Share	27	(2.18)	(2.86)
Diluted earnings per Share	27	(2.18)	(2.86)

*See note 6 for details regarding the restatement

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Consolidated statement of financial position

For the year ended 30 June 2024

	Note	2024 $	Restated* 2023 $
ASSETS			
Current assets			
Cash and Cash Equivalents	10	3,448,794	4,415,166
Trade and Other Receivables	11	4,023,887	4,295,955
Contract assets	12	125,714	499,316
Prepayments		226,080	313,999
Other assets		5,313	37,886
Total current assets		**7,829,788**	**9,562,322**
Non-current assets			
Property, plant and equipment	13	12,615	113,009
Intangible Assets	14	1,406,803	4,217,046
Deferred tax assets	23	576,310	585,532
Other assets		21,220	143,594
Total non-current assets		**2,016,948**	**5,059,181**
Total assets		**9,846,736**	**14,621,503**
LIABILITIES			
Current liabilities			
Trade and Other Payables	15	8,204,011	8,935,230
Financial Liabilities - Derivatives	16	58,185	-
Borrowings	16	1,044,741	20,283
Employee benefits	17	469,474	520,507
Provision for onerous contracts	18	258,509	-
Contract Liabilities	12	1,653,323	1,195,983
Total current liabilities		**11,688,243**	**10,672,003**
Non-current liabilities			
Borrowings	16	-	36,644
Employee benefits	17	74,878	79,611
Total non-current liabilities		**74,878**	**116,255**
Total liabilities		**11,763,121**	**10,788,258**
Net assets		**(1,916,385)**	**3,833,245**
EQUITY			
Issued Capital	19	22,630,147	21,796,430
Reserves	20	1,962,818	1,784,984
Accumulated losses		(26,509,350)	(19,748,169)
Total equity		**(1,916,385)**	**3,833,245**

*See note 6 for details regarding the restatement

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Consolidated statement of changes in equity

For the year ended 30 June 2024

	Ordinary Shares $	Foreign Currency Translation Reserve $	General Reserve $	Employee Option Reserve $	Restated* Accumulated losses $	Restated* Total equity $
Balance at 1 July 2022	21,796,430	29,806	157,596	1,021,152	(11,157,631)	11,847,353
Correction of prior year adjustments (note 6)	-	-	-	-	(167,036)	(167,036)
Restatement of total equity at the beginning of the financial year	21,796,430	29,806	157,596	1,021,152	(11,324,667)	11,680,317
Loss after income tax benefit for the year	-	-	-	-	(8,687,006)	(8,687,006)
Other comprehensive income for the year, net of tax	-	18,400	-	-	-	18,400
Total comprehensive income for the year	-	18,400	-	-	(8,687,006)	(8,668,606)
Transactions with owners in their capacity as owners:						
Share based payment transactions (note 24)	-	-	-	821,534	-	821,534
Transfers from general reserve to retained earnings (refer to note 20)	-	-	(157,596)	-	157,596	-
Transfers from Employee Option reserve to retained earnings (refer to note 20)	-	-	-	(105,908)	105,908	-
Balance at 30 June 2023	21,796,430	48,206	-	1,736,778	(19,748,169)	3,833,245

*See note 6 for details regarding the restatement

	Ordinary Shares $	Foreign Currency Translation Reserve $	General Reserve $	Employee Option Reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2023	21,796,430	48,206	-	1,736,778	(19,748,169)	3,833,245
Loss after income tax benefit for the year	-	-	-	-	(6,761,181)	(6,761,181)
Other comprehensive income for the year, net of tax	-	(52,884)	-	-	-	(52,884)
Total comprehensive income for the year	-	(52,884)	-	-	(6,761,181)	(6,814,065)
Transactions with owners in their capacity as owners:						
Share based payment transactions (note 24)	-	-	-	187,757	-	187,757
Issue of ordinary shares	882,500	-	-	-	-	882,500
Transaction costs on issue of ordinary shares	(67,242)	-	-	-	-	(67,242)
Deferred tax on transaction costs (Note 19)	18,459		-	-	-	18,459
Value of conversion rights - convertible notes (note 16)	-	-	42,961	-	-	42,961
Balance at 30 June 2024	22,630,147	(4,678)	42,961	1,924,535	(26,509,350)	(1,916,385)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Consolidated statement of cash flows

For the year ended 30 June 2024

	Note	2024 $	2023 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers (inclusive of GST)		12,155,073	16,848,369
Payments to suppliers and employees (inclusive of GST)		(14,683,342)	(20,722,054)
Finance costs		(39,077)	6,232
Government grants and tax incentives		129,730	216,943
Net cash used in operating activities	**31**	**(2,437,616)**	**(3,650,510)**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		-	(76,932)
Cash foregone upon disposal of businesses		(261,521)	-
Proceeds from property, plant & equipment		3,032	-
Net cash used in investing activities		**(258,489)**	**(76,932)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares	19	882,500	-
Proceeds from issues of convertible debt securities	16	1,125,000	-
Repayment of borrowings		(56,927)	(14,459)
Payment of lease liabilities		-	(49,001)
Transaction costs related to issues of equity securities or convertible debt securities		(216,921)	-
Net cash (used in)/from financing activities		**1,733,652**	**(63,460)**
Net decrease in cash and cash equivalents		(962,453)	(3,790,902)
Cash and cash equivalents at the beginning of the financial year		4,415,166	8,236,634
Effects of exchange rate changes on cash and cash equivalents		(3,919)	(30,566)
Cash and cash equivalents at the end of the financial year	**10**	**3,448,794**	**4,415,166**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Notes to the consolidated financial statements

For the year ended 30 June 2024

Note 1. General information

The financial report covers XPON Technologies Group Limited and Controlled Entities ('the Group'). XPON Technologies Group Limited ('the Parent' or 'the Parent Entity' or ‘the Company’) is a for-profit Company limited by Shares, incorporated and domiciled in Australia.

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity’s functional and presentation currency.

The financial report was authorised for issue by the Directors on 27 August 2024.

Comparatives are consistent with prior years, unless otherwise stated.

Note 2. Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the Corporations Act 2001.

These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Note 3. Summary of Material Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 33.

Basis for consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at 30 June 2024 and the results of all subsidiaries for the period then ended.

Subsidiaries
Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non- controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

All controlled entities have a June financial year end. A list of controlled entities is contained in note 28 to the financial statements.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The consolidated financial statements are presented in Australian dollars, which is the Groups' functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into the functional currency (Australian dollars) using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency translation reserve in equity.

The foreign currency translation reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates; and
- all resulting exchange differences are recognised in FX gains or losses in the P&L.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in the consolidated statement of profit and loss and other comprehensive income as FX gains or losses.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer

2. Identify the performance obligations

3. Determine the transaction price

4. Allocate the transaction price to the performance obligations

5. Recognise revenue as and when control of the performance obligations is transferred

The Group often enters into customer contracts to supply a bundle of products and services. The contract is then assessed to determine whether it contains a single combined performance obligation or multiple performance obligations. If applicable, the total transaction price is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as liabilities in its consolidated statement of financial position.

Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its consolidated statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

None of the revenue streams of the Group have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Group are:

Licenses, managed services and project services

Licences typically provide the customer with a right of access to IP and the performance obligation is satisfied over time.

Managed or project services provide clients with design, implementation and support services.

Often the Group also provides a significant service of integrating licenses with managed or project services to deliver a working solution such that, in the context of the actual contract, there is a single performance obligation to provide that solution. The Group has assessed that control of these solutions transfers to the customer over time. This is because each solution is unique to the customer (has no alternative use) and the terms of the contract state that the Group is entitled to a right to payment for the work completed to date.

Where a performance obligation is satisfied over time an appropriate method is selected for measuring progress towards complete satisfaction of the performance obligation. Performance is measured using an input method or an output method as deemed appropriate by management.

Revenue for these performance obligations is recognised as the customisation or integration work is performed, using the cost-to-cost method to estimate progress towards completion. Costs incurred are considered to be proportionate to the entity's performance, so the cost-to-cost method provides a faithful depiction of the transfer of goods and services to the customer.

The Group also provides managed or project services independent of licenses. Revenue from providing services is recognised in the accounting period in which the services are rendered. Revenue is recognised over time where the Group is entitled to payment for its performance to date throughout the contract period (including a profit margin that, in percentage terms, is equal to or more than the final expected profit margin).

Revenue for over-time contracts is determined based on the actual labour hours spent relative to the total expected labour hours and costs are expensed as incurred. Amounts remaining unbilled at the end of a reporting period are presented in the consolidated statement of financial position as accounts receivable if only the passage of time is required before payment of these amounts will be due or as contract assets if payment is conditional on future performance.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

If the contract includes an hourly fee, revenue is recognised in the amount to which the Group has a right to invoice.

Usage fees and commissions

Revenue is recognised in the amount to which the Group has a right to invoice based on either actual usage or sales. The Group acts as an agent in these transactions and only recognises revenue on a net basis.

Statement of financial position balances relating to revenue recognition

Contract assets and contract liabilities

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before the payment is due, the Group presents the contract as a contract asset, unless the Group's rights to that amount of consideration are unconditional, in which case the Group recognises a receivable.

When an amount of consideration is received from a customer prior to the Group transferring a good or service to the customer, the Group recognises this as a contract liability.

Other income

Other income is recognised when it is received or when the right to receive payment is established. The revenue is measured at the transaction price agreed under the contract.

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Dividend income is recognised when the dividend is declared.

Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Income tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(i) Deferred tax assets and liabilities

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

The Group has implemented the tax consolidation legislation. The head entity, XPON Technologies Group Limited, and the controlled entities in the tax consolidated group, account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right. In addition to its own current and deferred tax amounts, the Group also recognises the current tax liabilities or assets and the deferred tax assets arising from the temporary differences (but not on losses) from controlled entities in the tax consolidated group.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.
Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Property, plant and equipment

Each class of property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation method

Property, plant and equipment, is depreciated on a straight-line basis over the assets useful life to the Group, commencing when the asset is ready for use.
Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Computer Equipment	20 - 50%
Furniture, Fixtures and Fittings	20 - 50%
Office Equipment	5 - 20%
Leasehold improvements	2.5%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Financial instruments
Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

(i) Financial assets
All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification
On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Amortised cost
Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Financial assets through profit or loss
All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss.

Impairment of financial assets
Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost
- debt investments measured at FVOCI

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group uses the presumption that an asset which is more than 90 days past due has seen a significant increase in credit risk.

The Group uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Group in full, without recourse to the Group to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach permitted by AASB 9 which uses an estimation of lifetime expected credit losses. Refer to Note 11 for further details on measurement of expected credit loss.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

(ii) Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs. Financial liabilities are subsequently measured at either amortised cost using the effective interest rate method or fair value through profit and loss, depending on their classification.

The financial liabilities of the Group comprise trade payables, bank and other loans and lease liabilities.

Impairment of non-financial assets

At the end of each reporting period the Group determines whether there is evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.
Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

Intangible assets

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- the consideration transferred;
- any non-controlling interest; and
- the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired in a business combination.

The value of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the aforementioned non-controlling interest. The Group can elect to measure the non-controlling interest in the acquiree either at fair value ('full goodwill method') or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ('proportionate interest method'). The Group determines which method to adopt for each acquisition.

Under the 'full goodwill method', the fair values of the non-controlling interests are determined using valuation techniques which make the maximum use of market information where available.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is not amortised but is tested for impairment annually and is allocated to the Group's cash generating units or groups of cash generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

Patents and Trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life ranging from 1 to 5 years.

Software

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between three and five years.

Customer contracts

The customer contracts were acquired as part of a business combination. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives. Customer contracts have an estimated useful life of between three and five years.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.
Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

Other long-term employee benefit obligations

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

The obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

Defined contribution schemes

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in profit or loss in the periods in which services are provided by employees.

Share based payments

Share-based compensation benefits, including Share Appreciation Rights and Share Options, are provided to employees under the XPON OIP, and prior to listing under the Share Option Plan.

Employee Options

The fair value of Options granted under the Share Option Plan and the XPON OIP are recognised as a Share based payment expense (within employee benefits) with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the Options granted:

- including any market performance conditions (e.g. the Group's Share price);
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sale growth targets and remaining an employee of the Group over a specified time period); and
- including the impact of any non-vesting conditions (e.g. requirements for employees to save or hold Shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of Options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost using the effective interest method. The Group's financial liabilities measured at amortised cost include trade and other payables and the host liability of convertible notes.

Convertible notes

The conversion feature included in convertible notes is assessed to determine if it satisfies or fails the fixed-for-fixed requirement to be classified as a compound financial instrument containing an equity component. If this requirement is failed the notes are separated into the host liability and the derivative liability component of the notes.

Subsequent to initial recognition, any changes in fair value of the derivative liability at each balance date are recognised in profit or loss. The host liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the notes.

Contributed equity

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of new Shares or Options or Share Appreciation Rights are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per Share

Basic earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to the owners of XPON, excluding any costs of servicing equity other than Ordinary Shares, by the weighted average number of Ordinary Shares outstanding during the financial year, adjusted for bonus elements in Ordinary Shares issued during the financial year.

Diluted earnings per Share

Diluted earnings per Share adjusts the figures used in the determination of basic earnings per Share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential Ordinary Shares and the weighted average number of Shares assumed to have been issued for no consideration in relation to dilutive potential Ordinary Shares.

Adoption of new and revised accounting standards

The Group has adopted all accounting standards which became effective for the first time at 1 July 2023 - the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2024. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 4. Critical Accounting Estimates and Judgements

The Directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - trade receivables and contract assets

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The use of forward-looking data and setting a lifetime expected loss allowance incorporates the use of judgment. Refer to note 22 for further information on assessment performed.

Key estimates - Goodwill

In accordance with AASB 136 Impairment of Assets, the Group is required to estimate the recoverable amount of goodwill at each reporting period.

Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate and using a terminal value to incorporate expectations of growth thereafter.

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- growth in EBITDA, calculated as adjusted operating profit before depreciation and amortisation;
- timing and quantum of future capital expenditure;
- long-term growth rates; and
- the selection of discount rates to reflect the risks involved.

The net present value calculations use cash flow projections based on the annual Board approved budget and adjusted cash flow forecasts for five years.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's impairment evaluation and hence results.

The Group's review includes the key assumptions related to sensitivity in the cash flow projections.

Further details are provided in note 14 to the consolidated financial statements.

Key estimates - Revenue recognition

In accordance with AASB 15, the Group recognises revenue on a basis that reflects the transfer of promised services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those services. A significant revenue stream of the Group is providing licenses, managed services and project services to the customers, in which revenue for these performance obligations is recognised over time using the cost-to-cost method to estimate progress towards completion.

Key judgements - taxes

Deferred tax assets

Determining income tax provisions involves judgment on the tax treatment of certain transactions. Deferred tax is recognised on tax losses not yet used and on temporary differences where it is probable that there will be taxable revenue against which these can be offset. Management has made judgments as to the probability of future taxable revenues being generated against which tax losses will be available for offset based on budgets, current and future expected economic conditions. Deferred tax assets have only been recognised to the extent that it is highly probable that deferred tax assets will be recoverable in the foreseeable future.

Different jurisdictions

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group is required to recognise liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. There are currently no matters of this nature that have been identified or suspected, and as such, there has been no impact to the income tax and deferred tax provisions.

Key judgements – going concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business.

As disclosed in the financial statements, for the period ended 30 June 2024, the Group incurred a net loss after tax of $6,761,181 (2023: $8,687,006). Further, the Group incurred operating cash outflows of $2,437,616 (2023: $3,650,510) for the period ended 30 June 2024, and at this date reported a net current asset deficiency of $3,858,455 (2023: $1,109,681) and net liabilities of $1,916,385 (2023: net assets of $3,833,245).

The ability of the Group to continue as a going concern is principally dependent upon one or more of the following:

- The ability of the Group to raise additional capital;
- The ability of the Group to undertake other financing activities;
- The ability to further reduce expenditure in future periods to maintain cost control and cash reserves; and/or
- The ability of the Group to continue growing its revenues from new customer contracts, generating sufficient cash flows to meet obligations as they fall due.

These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. The Directors believe that the Consolidated Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the full-year financial report after consideration of the following factors:

- The Group has completed restructure and cost savings measures which collectively generate circa $5,200,000 in annualised people and operating expenditure cost savings;
- The Group divested its App Mod business (note 5) on 22 December 2023 which will save $1,300,000 in net cash burn annually;
- The Group successfully raised capital via a $1,125,000 convertible note in Feb 2024 in addition to a $882,500 placement and share purchase plan in May to June 2024;
- The continuing business is demonstrating resilience with four quarters of consecutive revenue growth, strong gross margin at 75% and financial performance progressing in line with management expectations;
- The Directors are confident additional funds and/or capital can be raised as is necessary to meet obligations as they fall due; and
- The Directors are pursuing strategic opportunities to further improve the business' future prospects.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts, or classification of liabilities and appropriate disclosures that may be necessary should the Company be unable to continue as a going concern.

Note 5. Disposal of Subsidiaries

(a) Description

On 22 December 2023, the Group entered into a share purchase agreement to sell the non-core App Mod business to Peppermint Innovation Ltd (PIL). The App Mod business includes two subsidiary companies, XPON Digital Limited (UK Company) and Holoscribe Australia Pty Ltd (Australian Company). 100% of the issued shares of both companies have been acquired by PIL with a payment of £1 GBP and on terms usual for a transaction of this type.

An analysis of the fair value of the App Mod business' net assets to the net proceeds resulted in a loss on disposal of $2,925,616.

(b) Financial performance and cash flow information of disposed subsidiaries

The financial performance and cash flow information of the disposed subsidiaries presented is for the periods detailed below.

	Consolidated	
	1 July 2023 to 22 December 2023	30 Jun 2023
	$	$
Revenue	528,485	6,117,757
Expenses	(1,024,031)	(7,176,617)
Write off of related party loans receivable	428,501	-
Loss before tax	(67,045)	(1,058,860)
Income tax expense	-	-
Loss after income tax of disposed subsidiaries	(67,045)	(1,058,860)
Loss on disposal of subsidiaries after income tax (see (c) below)	(2,925,616)	-
Total loss from disposed subsidiaries	(2,992,661)	(1,058,860)

(c) Details of the sale of the subsidiaries

	$
Cash consideration received	2
Total disposal consideration	2
Carrying value of net assets disposed	(301,426)
Carrying value of goodwill, intangible assets & deferred tax liability allocated to disposed subsidiaries on consolidation	(2,624,192)
Loss on sale before income tax	(2,925,616)
Income tax on disposal of foreign currency	-
Loss on disposal after income tax	(2,925,616)

The carrying amounts of assets and liabilities as at the date of sale (22 December 2023) were:

	$
Cash and cash equivalents	261,522
Trade and other receivables	72,177
Prepayments	18,602
Other assets	86,147
Property, plant and equipment	17,503
Total assets	455,951
Trade and other payables	(132,808)
Employee benefits	(1,351)
Contract liabilities	(20,366)
Total liabilities	(154,525)
Net assets	301,426

Note 6. Prior Year Adjustment

During the current financial period, the Group identified an immaterial prior year adjustment with respect to revenue recognition. The Group elected to restate the prior year's figures to reflect this adjustment.

The prior year adjustment has been reflected by restating each of the affected financial statement line items for the prior periods as follows:

	30 June 2023 (previously presented)	Increase/ (Decrease)	30 Jun 2023 (Restated)	1 July 2022 (previously presented)	Increase/ (Decrease)	1 July 2022 (Restated)
Statement of financial position (extract)						
Contract Liabilities	946,467	249,516	1,195,983	702,965	167,036	870,001
Net assets	**4,082,761**	**(249,516)**	**3,833,245**	**11,847,353**	**(167,036)**	**11,680,317**
Accumulated losses	(19,498,653)	(249,516)	(19,748,169)	(11,157,631)	(167,036)	(11,324,667)
Total equity	**4,082,761**	**(249,516)**	**3,833,245**	**11,847,353**	**(167,036)**	**11,680,317**

	30 June 2023 (previously presented)	Profit Increase/ (Decrease)	30 June 2023 (Restated)
Statement of profit or loss (extract)			
Revenue from contracts with customers	15,070,156	(82,480)	14,987,676
Net loss before tax	**(8,459,474)**	**(82,480)**	**(8,541,954)**
Net loss after tax	**(8,604,526)**	**(82,480)**	**(8,687,006)**

Note 7. Revenue from contracts with customers and Other Income

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	2024 $	Restated* 2023 $
Major services line		
Licences	5,686,513	5,447,270
Managed services	778,536	7,943,922
Project services	1,804,235	91,188
Usage Fees	1,604,034	1,505,296
	9,873,318	**14,987,676**
Geographical regions		
Australia	9,029,007	8,999,100
United Kingdom	844,311	5,988,576
	9,873,318	**14,987,676**
Timing of revenue recognition		
Services transferred over time	**9,873,318**	**14,987,676**

	2024 $	2023 $
Other Income		
- R&D refund	129,730	216,943
- Other income	63,577	60,182
	193,307	277,125

*See note 6 for details regarding the restatement

Note 8. Other expenses

Other expenses are comprised of the following:	2024 $	2023 $
Consulting and Accounting expenses	419,189	663,063
Insurance and Travel expenses	318,321	658,950
Compliance expenses	417,153	436,220
People & Culture Expenses	290,797	545,956
Other expenses	647,709	600,515
	2,093,169	2,904,704

Included in total expenses are the following items:

	2024 $	2023 $
Onerous software contracts	669,982	212,161
Restructure related expenses	567,493	753,077

Note 9. Income Tax Expense

(a) The major components of tax expense (income) comprise:

	2024 $	2023 $
Current tax expense		
- Current Tax	-	-
- Deferred Tax	93,901	145,052
	93,901	145,052

b) Reconciliation of income tax to accounting profit:

	2024 $	2023 $
Loss before income tax (expense)	(6,667,280)	(8,541,954)
Tax at the statutory tax rate of 25% (2023: 25%)	(1,666,820)	(2,135,489)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
- Share Options expensed during year	46,939	189,614
- Loss on disposal of subsidiaries	707,422	-
- Write off of related party loans receivable	165,411	-
- non-deductible expenses	-	5,730
- unrecognised losses	928,350	2,133,575
- previously unrecognised tax losses recouped to reduce current tax	-	(17,523)
- differences in overseas tax rates	(45,568)	10,237
- under-provision in previous years	-	13,146
- non-assessable income	(41,833)	(54,238)
Income tax expense/(benefit)	93,901	145,052

Note 10. Cash and Cash Equivalents

	2024 $	2023 $
Cash at bank and in hand	3,448,794	4,415,166

Note 11. Trade and Other Receivables

	2024 $	2023 $
Trade receivables	4,064,039	4,371,668
Other receivables	10,805	51,802
Less: Allowance for expected credit losses	(50,957)	(127,515)
Total current trade and other receivables	4,023,887	4,295,955

The carrying value of trade and other receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.
The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable in the financial statements.

(a) Impairment of trade receivables

The detail of the loss allowance provision as at 30 June 2024 is included at note 22.

The Group applies the simplified approach to providing for expected credit losses (ECL) prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected credit loss rates are based on the payment profiles (using a provision matrix) of sales over a period of 3 years before 30 June 2024 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information including macroeconomic factors that affect the ability of the customers to settle the receivables. Additional details on the provision matrix and expected credit loss provision are provided in note 22.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings or when the trade receivables are over 1 year past due, whichever occurs first.

(b) Collateral held as security

The Group does not hold any collateral over any receivables balances.

Note 12. Contract Assets and Contract Liabilities

(a) Contract assets

	2024 $	2023 $
Licenses	-	252,203
Managed services	-	247,113
Project services	125,714	-
	125,714	499,316

The contract assets balance represents where the Group has provided services ahead of the agreed payment schedules for customer service contracts.

(b) Contract liabilities

	2024 $	Restated* 2023 $
Licenses	1,493,242	1,153,379
Managed services	28,000	1,600
Project services	132,081	41,004
	1,653,323	1,195,983

*See note 6 for details regarding the restatement

The balance of contract liabilities at the beginning of the period was fully recognised as revenue during the year due to the short-term nature and performance obligation satisfied.

The balance of contract liability is for clients that pay in advance of services being delivered. The movement of contractor liability relates to the timing of contract renewals as well as new clients paying up front as per payment terms.

Note 13. Property, plant and equipment

	2024 $	2023 $
Furniture, Fixtures and Fittings - At cost	159,655	159,655
Furniture, Fixtures and Fittings - Accumulated depreciation	(159,655)	(159,655)
Total furniture, Fixtures and Fittings	**-**	**-**
Office equipment - At cost	53,897	65,352
Office equipment - Accumulated depreciation	(52,334)	(57,008)
Total office equipment	**1,563**	**8,344**
Computer equipment - At cost	159,119	264,198
Computer equipment - Accumulated depreciation	(148,067)	(167,613)
Total computer equipment	**11,052**	**96,585**
Leasehold Improvements - At cost	76,371	76,371
Leasehold Improvements - Accumulated depreciation	(76,371)	(68,291)
Total leasehold improvements	**-**	**8,080**
Total property, plant and equipment	**12,615**	**113,009**

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Leasehold Improvements $	Furniture, Fixtures and Fittings $	Office Equipment $	Computer Equipment $	Total $
Year ended 30 June 2024					
Balance at the beginning of year	8,080	-	8,344	96,585	113,009
Depreciation expense	(8,080)	-	(4,859)	(66,920)	(79,859)
Written down due to business divestment	-	-	(1,922)	(18,613)	(20,535)
Balance at the end of the year	**-**	**-**	**1,563**	**11,052**	**12,615**

	Leasehold Improvements $	Furniture, Fixtures and Fittings $	Office Equipment $	Computer Equipment $	Total $
Year ended 30 June 2023					
Balance at the beginning of year	33,216	46,232	18,294	110,304	208,046
Additions	-	-	5,316	71,616	76,932
Depreciation expense	(25,136)	(46,232)	(15,266)	(90,276)	(176,910)
Exchange rate difference	-	-	-	4,941	4,941
Balance at the end of the year	**8,080**	**-**	**8,344**	**96,585**	**113,009**

Note 14. Intangible Assets

	2024 $	2023 $
Goodwill - at cost	1,160,970	3,478,447
Patents, Trademarks and other intangibles - at cost	40,539	40,539
Patents, Trademarks and other intangibles - Accumulated amortisation	(12,542)	(12,542)
Net carrying value	**27,997**	**27,997**
Software - at cost	313,117	313,117
Software - Accumulated amortisation	(310,143)	(298,523)
Net carrying value	**2,974**	**14,594**
Customer contracts - at cost	384,000	1,171,000
Customer contracts - Accumulated amortisation	(169,138)	(474,992)
Net carrying value	**214,862**	**696,008**
Total Intangible assets	**1,406,803**	**4,217,046**

	Patents, Trademarks and other intangibles $	Customer Contracts $	Goodwill $	Software $	**Total** $
Year ended 30 June 2024					
Balance at the beginning of the year	27,997	696,008	3,478,447	14,594	4,217,046
Amortisation	-	(108,349)	-	(11,620)	(119,969)
Written down due to business divestment	-	(372,797)	(2,317,477)	-	(2,690,274)
Balance at the end of the year	**27,997**	**214,862**	**1,160,970**	**2,974**	**1,406,803**

	Patents, Trademarks and other intangibles $	Customer Contracts $	Goodwill $	Software $	**Total** $
Year ended 30 June 2023					
Balance at the beginning of the year	26,008	863,293	3,478,447	49,163	4,416,911
Additions/(Write-off)	2,983	-	-	(7,925)	(4,942)
Amortisation	(994)	(167,285)	-	(26,644)	(194,923)
Balance at the end of the year	**27,997**	**696,008**	**3,478,447**	**14,594**	**4,217,046**

Recoverable amount testing for goodwill and indefinite life intangibles

For the purpose of impairment testing, goodwill and indefinite life intangibles are allocated to cash-generating units as below:

One CGU exists for the Group. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The cross selling of products/services effectively means that a client of one individual entity within the Group is also a client of all entities within the Group. The selling of products/services drives the cash inflows and therefore the smallest identifiable group of assets that generates cash is the Group itself. The Group only has one operating segment as illustrated by the structure of the board papers which drives how management monitors the Group's operations and makes decisions about continuing or disposing of the Group's assets and operations.

The Group tests whether goodwill has suffered any impairment on an annual basis. For the 2024 and 2023 reporting periods, the recoverable amount was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections, based on financial budgets approved by management, covering a five-year period. The recoverable amount of the CGU based on value in use is $7,865,000.

The following table sets out key assumptions for goodwill held by the Group:

	2024	2023 [1]
Revenue (% annual growth rate)	22.7%	18.7%
Long term growth rate (%)	2%	2%
Pre tax discount rate (%)	25.5%	24.4%

1. For the 2023 reporting period, cashflow projections covering a six-year period were used.

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determine values
Revenue	Average annual growth rate over the five-year forecast period, based on past performance.
Long term growth rate	The long-term growth rate applied to cash flows beyond the five year projection period has been determined based on past performance and management's expectation for the future.
Pre-tax discount rates	Reflects specific risks relating to the CGU and the countries in which the Group operate.

Sensitivity to changes in key assumptions:

A 10% decrease in revenue would lead to an impairment to goodwill. No reasonable possible change in the pre-tax discount rate would lead to an impairment to goodwill.

Note 15. Trade and Other Payables

	2024 $	2023 $
Trade payables	6,770,455	7,168,467
Accruals and other payables	1,254,668	1,530,750
GST payable	178,888	236,013
Total Trade and Other Payables	**8,204,011**	**8,935,230**

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

Note 16. Borrowings

	2024 $	2023 $
CURRENT		
Financial Liabilities - Derivatives	58,185	-
Loans payable [1]	1,044,741	20,283
NON-CURRENT		
Loans payable	-	36,644
Total borrowings	**1,102,926**	**56,927**

[1] Convertible notes

The Group issued 45,000,000 Convertible Notes for $1.125 million on 26 February 2024. The interest rate is 15% per annum, payable quarterly in arrears. The notes are convertible into ordinary shares of the Group, at the option of the holder, or repayable on 26 February 2025 at 140% of the outstanding Face Value plus any accrued but unpaid interest. The conversion rate is one share for each note. Noteholders received 1 free-attaching Warrant for every 2 Convertible Notes held, exercisable immediately from grant into ordinary fully paid shares at a 15% discount to the 15-day VWAP (as defined in the ASX Listing Rules) immediately prior to exercise of the Warrant(s) and expiring 31 January 2026.

The convertible loans comprise: (a) a debt instrument; (b) a conversion feature to exchange the loans for a fixed number of equity instruments and (c) a derivative liability component for the warrants. In valuing the convertible loans it was necessary to determine the fair value of the liability component and subtract this value from the face value of the convertible loans to determine the equity component.

The convertible notes are presented in the statement of financial position as follows:

	Equity	Derivative financial Liabilities - Warrants	Borrowings - Host debt liability	Total
Equity reserves – value of conversion rights	49,554	95,585	979,861	1,125,000
Transaction costs [1]	(6,593)	-	(130,368)	(136,961)
Measurement at initial recognition	**42,961**	**95,585**	**849,493**	
Interest expense	-	-	237,436	237,436
Interest paid	-	-	(42,188)	(42,188)
Changes in fair value of financial liabilities	-	(37,400)	-	(37,400)
Amount presented on statement financial position as at 30 June 2024	**42,961**	**58,185**	**1,044,741**	

1. $12,717 of transaction costs related to derivative financial liabilities were recognised directly to the statement of profit and loss as required by the accounting standards.

Defaults and breaches

During the current and prior year, there were no defaults or breaches on any of the loans.

Note 17. Employees benefit

	2024 $	2023 $
Current liabilities		
Provision for employee benefits	469,474	520,507
Non-current liabilities		
Provision for employee benefits	74,878	79,611

Note 18. Provision for Onerous contracts

	2024 $	2023 $
CURRENT		
Provision for Onerous contracts	258,509	-

This provision pertains to multi-year software contracts entered into by the Group during 2022 and 2023 to support the App Mod business, as a result of its increasing complexity and scale. Following the divestment of the App Mod business in December 2023, these software contracts became unnecessary for the continuing business operations. Efforts to terminate these contracts were unsuccessful due to the contractual obligations.

Note 19. Issued Capital

	2024 $	2023 $
362,441,495 (30 June 2023: 303,608,169) Ordinary Shares	23,418,610	22,536,110
Share issue costs (net of deferred tax)	(788,463)	(739,680)
Total	**22,630,147**	**21,796,430**

(a) Ordinary Shares

	2024 $	2023 $	2024 No.	2023 No.
At the beginning of the reporting period	21,796,430	21,796,430	303,608,169	303,608,169
Shares issued during the year - Ordinary Shares				
1 May 2024 - $0.015 per share	450,000	-	30,000,000	-
24 May 2024 - $0.015 per share	132,500	-	8,833,328	-
27 Jun 2024 - $0.015 per share	300,000	-	19,999,998	-
Capital raising costs	(67,242)	-	-	-
Deferred tax on Capital raising costs	18,459	-	-	-
	22,630,147	**21,796,430**	**362,441,495**	**303,608,169**

The holders of Ordinary Shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of Ordinary Shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its Shares.

(b) Capital Management

The key objectives of the Company when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. The Company defines capital as its equity and net debt.

There has been no change to capital risk management policies during the year.

The Company manages its capital structure and makes funding decisions based on the prevailing economic environment and has a number of tools available to manage capital risk.

The Board monitors a range of financial metrics including return on capital employed and gearing ratios.

Note 20. Reserves

(a) Foreign currency translation reserve

The foreign currency translation reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

	2024 $	2023 $
Foreign currency translation reserve	(4,678)	48,206

b) General reserve

The general reserve records funds set aside for future business acquisition payments, which are to be settled via Share issue.

	2024 $	2023 $
General reserve		
Opening balance	-	157,596
Transfer deferred consideration from general reserve to retained earnings [1]	-	(157,596)
Value of conversion rights - convertible notes (note 16)	42,961	-
Total General reserve	**42,961**	**-**

[1] The acquisition of Internetrix Holdings Pty Ltd on 5 June 2021 included a provision for deferred consideration on the second anniversary of completion, subject to claims and warranties. The deferred consideration will not be paid and accordingly has been transferred from the general reserve to retained earnings.

(c) Share based payment reserve

This reserve records the cumulative value of employee service received for the issue of Share based payment instruments. When the instrument is exercised the amount in the Share based payment reserve is transferred to Share capital.

	2024 $	2023 $
Employee Option reserve		
Opening balance	1,736,778	1,021,152
Share based payment expense	187,757	821,534
Transfer Share Appreciation Rights expenses for Non-Executive Directors to retained earnings (note 23)	-	(105,908)
Total Employee Option reserve	**1,924,535**	**1,736,778**

Note 21. Contracted Commitments

No contracted commitments exist as at 30 June 2024 (30 June 2023: Nil, apart from lease commitments).

Note 22. Financial Risk Management

The Group is exposed to a variety of financial risks through its use of financial instruments.

The Group‘s overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Group is exposed to are described below:

- Liquidity risk
- Credit risk
- Market risk
- Currency risk

Risk management is carried out by senior finance Executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Financial instruments

The principal categories of financial instrument used by the Group are:

- Trade receivables
- Cash at bank
- Trade and other payables
- Borrowings

Objectives, policies and processes

The Board of Directors have overall responsibility for the establishment of the Group's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, liquidity risk and credit risk.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The day-to-day risk management is carried out by the Group's finance function under policies and objectives which have been approved by the Board of Directors and overseen by the Audit and Risk Management Committee. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate and foreign exchange movements.

The Board of Directors receives monthly reports which provide details of the effectiveness of the processes and policies in place.

Mitigation strategies for specific risks faced are described below:

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Group maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position.

The table below reflects the undiscounted contractual maturity analysis for financial liabilities.

Financial liability maturity analysis - Non-derivative

	Less than 6 months		6 to 12 months		1 to 5 years		Total	
	2024 $	2023 $	2024 $	2023 $	2024 $	2023 $	2024 $	2023 $
Financial liabilities due for payment								
Trade payables	6,770,455	7,168,467	-	-	-	-	6,770,455	7,168,467
GST payable	178,888	236,013	-	-	-	-	178,888	236,013
Borrowings	84,376	10,854	1,617,188	10,727	-	37,968	1,701,564	59,549
	7,033,719	**7,415,334**	**1,617,188**	**10,727**	**-**	**37,968**	**8,650,907**	**7,464,029**

Liquidity risk

The timing of expected outflows is not expected to be materially different from contracted cashflows. The borrowings are expected to be settled according to payment schedule.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to outstanding receivables.

The credit risk for liquid funds and other short-term financial assets is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

Trade receivables and contract assets

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables and contract assets.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group review includes external ratings, if they are available, financial statements, credit agency information and industry information. Credit limits are established for each customer and the utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepaid basis until creditworthiness can be re-established.

The Board receives monthly reports summarising the trade receivables balance and ageing profile of each of the customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which the customers operate.

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

On a geographical basis, the Group has significant credit risk exposures in Australia and the United Kingdom given the location of its operations in those regions.

Credit Risk - Trade and Other Receivables

As at 30 June 2024, the maximum exposure to credit risk for trade and other receivables (including contract assets) by geographic region was as follows:

	2024 $	2023 $
United Kingdom	-	998,591
Australia	4,149,601	3,796,680
Total	**4,149,601**	**4,795,271**

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit loss rates are based on the payment profiles of sales over a period of 3 years before 30 June 2024 and the corresponding historical credit losses experienced within this period.

On that basis, the ageing analysis and loss allowance of receivables is as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2024 $	2023 $	2024 $	2023 $	2024 $	2023 $
Not overdue	0%	0%	4,069,056	4,098,567	-	-
1-30 days overdue	14.54%	0%	34,623	497,981	5,035	-
31-90 days overdue	100%	64.16%	45,922	198,723	45,922	127,515
			4,149,601	**4,795,271**	**50,957**	**127,515**

	2024 $	2023 $
Opening balance	127,515	150,000
Additional provisions recognised	22,436	332,607
Receivables written off during the year as uncollectible	(98,994)	(355,092)
Closing balance	**50,957**	**127,515**

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in Pounds or US dollars.

Generally, the Group's risk management procedures distinguish short-term foreign currency cash flows (due within 6 months) from longer-term cash flows. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

Major foreign currency denominated financial assets and liabilities, translated into Australian Dollars at the closing rate, are as follows:

	AUD $	GBP $	USD $	Total AUD $
2024				
Nominal amounts				
Cash and cash equivalents	2,358,678	136,321	953,794	3,448,794
Trade and other receivables and contract assets	2,971,475	-	1,178,126	4,149,601
Trade and other payables	(7,724,891)	(79,848)	(399,272)	(8,204,011)
Short-term exposure	**(2,394,738)**	**56,473**	**1,732,648**	**(605,616)**
2023				
Nominal amounts				
Cash and cash equivalents	3,889,325	316,771	209,070	4,415,166
Trade and other receivables and contract assets	3,289,410	942,692	563,169	4,795,271
Trade and other payables	(7,832,156)	(415,369)	(687,705)	(8,935,230)
Short-term exposure	**(653,421)**	**844,094**	**84,534**	**275,207**

Market risk - Foreign currency sensitivity table

The following table illustrates the sensitivity of the net result for the year and equity in regards to the Group's financial assets and financial liabilities and the GBP – Australian Dollar exchange rate and USD – Australian Dollar exchange rate. There have been no changes in the assumptions calculating this sensitivity from prior years.

It assumes a +/- 7% change of the Australian Dollar / GBP exchange rate for the year ended 30 June 2024 (30 June 2023: 10%). A +/- 7% change is considered for the Australian Dollar / USD exchange rate (30 June 2023: 10%). Both of these percentages have been determined based on the average market volatility in exchange rates in the previous 12 months.

The average monthly rate across the financial year is 0.52 GBP and 0.65 USD.

The sensitivity analysis is based on the foreign currency financial instruments held at the reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

If the Australian Dollar had strengthened and weakened against the GBP and USD by 7% (30 June 2023: 10%) and 7% (30 June 2023: 7%) respectively then this would have had the following impact:

	2024		2023	
	+7%	-7%	+10%	-10%
GBP				
Net results	53,162	(53,162)	(15,510)	18,956
Equity	(53,162)	53,162	15,510	(18,956)
USD				
Net results	204,717	(204,717)	(110,696)	135,295
Equity	(204,717)	204,717	110,696	(135,295)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

Note 23. Tax assets and liabilities

(a) Deferred Tax Assets

	Opening Balance $	Charged to Profit or Loss $	Charged to Equity	Write off due to divestment	Closing Balance $
Deferred tax assets					
Provisions - employee benefits	187,889	(24,445)	-	-	163,444
Accruals	167,522	(107,363)	-	-	60,159
Provisions for Onerous contracts	-	64,627	-	-	64,627
Share/convertible notes issued costs	430,176	(147,037)	18,459	-	301,598
Convertible Notes	-	42,294	-	-	42,294
Others	823	932	-	-	1,755
Deferred Tax Liabilities Offset	(200,878)	77,091	-	66,220	(57,567)
Balance at 30 June	**585,532**	**(93,901)**	**18,459**	**66,220**	**576,310**

(b) Deferred Tax Liabilities

	Opening Balance $	Charged to Profit or Loss $	Write off due to divestment $	Closing Balance $
Deferred tax liabilities				
Depreciation	16,905	(13,485)	-	3,420
Customer Lists	174,002	(54,205)	(66,220)	53,577
Others	9,971	(9,401)	-	570
Deferred Tax Assets Offset	(200,878)	77,091	66,220	(57,567)
Balance at 30 June	-	-	-	-

(c) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following:

	2024 $	2023 $
Tax losses	4,419,634	3,574,229

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therein.

Note 24. Share based payments

Share based payment expense recognised during the year is disclosed below and included within the 'Employee benefits expense' category within the consolidated statement of profit or loss and other comprehensive income.

Share based payment expense recognised during the year: **(a)**

	2024 $	2023 $
Share Options issued to employees	60,119	630,346
Share Appreciation Rights	85,513	191,188
Performance Rights issued to employees	42,125	-
Total Share based payment expense	**187,757**	**821,534**

Employee Options

The Group implemented a Share option plan in June 2020, which was replaced in November 2021 by the OIP, under which Directors and key employees identified by the Board were offered participation.

Options awarded are subject to the satisfaction of service-based conditions and/or performance hurdles which, when satisfied, will allow participants to receive Shares or vested Options or Rights which are exercisable over Shares.

There were nil (30 June 2023: nil) Options issued under the EISP during the year. No Options have exercised or lapsed during the current and comparative financial year. The unlisted Options outstanding as at 30 June 2024 and their movement during the year were as follows:

Grant Date	Vesting Date	Exercise price	At the beginning of the reporting period	Forfeited / Expired during the year	Closing balance at 30 June 2024
30-Jun-20	01-Jul-23	$0.11	15,879,305	-	15,879,305
01-Jul-21	01-Jul-23	$0.11	3,972,220	-	3,972,220
31-May-21	31-May-24	$0.13	461,540	-	461,540
12-Jun-21	01-Jul-24	$0.13	461,540	-	461,540
27-Sep-21	12-Oct-24	$0.20	1,500,000	-	1,500,000
30-Sep-21	01-Jul-23	$0.11	4,924,070	(4,924,070)	-
08-Nov-21	08-Nov-24	$0.20	375,000	-	375,000
			27,573,675	**(4,924,070)**	**22,649,605**

The unlisted Options that vested and were exercisable as at 30 June 2024 were as follows:

Grant Date	Expiry Date	Exercise price	Balance at 30 June 2024
30-Jun-20	01-Jul-30	$0.11	250,000
01-Jul-21	02-Jul-31	$0.11	250,000
30-Jun-20	01-Jul-30	$0.11	15,379,305
01-Jul-21	02-Jul-31	$0.11	3,472,220
			19,351,525

	2024 Years	2023 Years
Weighted average remaining contractual life of options outstanding at end of period:	6.3	7.5

Valuation Model –unlisted Options

The participant Options vest only upon the meeting of the service commitment with the company over the vesting period and incentive hurdles where applicable. A summary of the vesting conditions are:

Grant Date	With performance conditions	Without performance target	Vesting Conditions	Balance of Options Granted
30-Jun-20	-	6,087,635	Three year service period	6,087,635
30-Jun-20	-	2,083,335	Three year service period	2,083,335
30-Jun-20	250,000	2,500,000	i) 125,000 Options vest based on achieving a minimum of $2 million ARR consecutively for 12 months. ii) 125,000 Options vest based on achieving a minimum of $3 million ARR consecutively for 12 months.	2,750,000
30-Jun-20	125,000	2,083,335	i) 62,500 Options vest based on achieving a minimum of $2 million of Wondaris ARR consecutively for 12 months. ii) 62,500 Options vest based on achieving a minimum of $3 million of Wondaris ARR consecutively for 12 months.	2,208,335
30-Jun-20	125,000	2,625,000	i) 62,500 Options vest based on achieving a minimum of $5 million of Total ARR consecutively for 12 months. ii) 62,500 Options vest based on achieving a minimum of $2 million of Holoscribe Software License ARR consecutively for 12 months.	2,750,000
31-May-21	-	461,540	Service period	461,540
12-Jun-21	-	461,540	Service period	461,540
01-Jul-21	500,000	3,472,220	i) 250,000 Options vest based on achieving a minimum of $10 million of ARR consecutively for 12 months. ii) 250,000 Options vest based on achieving a minimum of $15 million of ARR consecutively for 12 months.	3,972,220
27-Sep-21	-	1,500,000	Service Period	1,500,000
08-Nov-21	-	375,000	No performance conditions	375,000
	1,000,000	**21,649,605**		**22,649,605**

The fair value of Options were determined at grant date, using a Black-Scholes Option valuation model that takes into account the Share price at grant date, exercise price, expected volatility (determined by reference to historical volatility of the Share price of similar companies), Option life and the risk-free rate.

Grant Date	Vesting Date	Number Issue	Share price at grant date	Exercise price	Expected volatility	Risk-free rate	Fair value at grant date
30-Jun-20	01-Jul-23	15,879,305	$0.11	$0.11	100%	0.27%	$0.07
01-Jul-21	01-Jul-23	3,972,220	$0.11	$0.11	100%	0.06%	$0.06
31-May-21	31-May-24	461,540	$0.11	$0.13	100%	0.06%	$0.06
12-Jun-21	01-Jul-24	461,540	$0.11	$0.13	100%	0.06%	$0.06
27-Sep-21	12-Oct-24	1,500,000	$0.11	$0.20	100%	0.24%	$0.05
08-Nov-21	08-Nov-24	375,000	$0.20	$0.20	100%	0.87%	$0.12
		22,649,605					

(b) Share Appreciation Rights

During the 2022 annual general meeting, shareholders approved the grant of 2,569,038 Share Appreciation Rights (SARs) to the CEO and Non-Executive Directors under XPON's OIP.

The Board has determined that for the purpose of calculating the number of SARs to be granted, the SAR value is $0.1077, based on a Monte Carlo Simulation (MCS) valuation methodology.

Input No	Input description	Values at Valuation Date
i.	Underlying Share price	$0.160
ii.	Exercise price	60-day VWAP prior to exercise
iii.	Term	5 yrs
iv.	Risk-free rate	3.792%
v.	Dividend yield	nil
vi.	Volatility (rounded)	80%
vii.	Base Price	$0.159

SARs are rights to receive an award from the Company which may be satisfied by the issue and/or transfer of Shares (equity settlement), cash payment (cash settlement), or a combination of both, as determined by the Board, subject to the satisfaction and/or waiver of vesting conditions.

The award is calculated by reference to an increase in the Share price from a base price as determined by the Board prior to the grant of the SAR, and the 60 trading day volume-weighted average price per Share traded on ASX immediately preceding the time that the performance hurdles and/or other conditions are satisfied and/or waived.

Each SAR confers an entitlement to receive a Share subject to meeting certain conditions which are disclosed below. Furthermore, a holding lock will be applied to the CEO for any Shares issued upon exercise of the proposed SARs prior to 30 June 2025.

There were no SARs granted in FY24 or prior to FY23 - no SARs vested as at 30 June 2024.

The performance conditions attached to the FY23 Share Appreciation Rights were as follows:

Grant date	With performance conditions	Without performance target	Vesting Conditions	Total SARs Granted
24-Oct-22	-	983,203	One year service condition	983,203
			The SARs will vest at the determination of the Board after release of audited financial results for FY24 on satisfaction of the following Vesting Conditions: - Remains employed at the Vesting Date; and - Achievement of Compound Annual Growth Rate (CAGR) of Annualised Recurring Revenue (ARR) per the Vesting Scale below: **CAGR ARR** / **SARs Vesting** 30% / 50% 40% / 75% 45% / 100%	
24-Oct-22	1,585,835	-	Pro-rata linear vesting between the scales.	1,585,835
	1,585,835	**983,203**		**2,569,038**

SARs for Non-Executive Directors were foregone in FY23 therefore the accounting standards require the recognition of the remaining value in the SAR expense of the FY23 Financial Statements. As detailed In Note 19(c), the value of the foregone SARs was transferred from the Share based payment reserve to retained earnings given this portion of the reserve is no longer required.

(c) Performance Rights

There were 23,666,665 Performance Rights issued to Non-Executive Directives and key employees under the EISP during the year.

The Board has determined that the Performance Rights value is $0.015, based on a Black-Scholes valuation methodology. This is due to the fact that the Performance rights have no exercise price and accordingly the value equals the share price on the day of grant.

A summary of the Performance Rights and vesting conditions are as follows:

Grant Date	Vesting Conditions	Number of Performance Rights Granted	Exercise price	Fair value of each Performance Right at grant date
02-May-24	One year service period	13,333,332	Nil	$0.015
19-Jun-24	Vesting quarterly over four consecutive tranches for each service period	10,333,333	Nil	$0.015
		23,666,665		

Note 25. Key Management Personnel ("KMP") Remuneration

KMP remuneration included within employee expenses for the year is shown below:

	2024 $	2023 $
Short-term employee benefits	776,805	780,466
Post-employment benefits	58,702	66,912
Long-term employment benefits	66,490	7,198
Share-based payments	107,021	403,944
Total KMP Remuneration	**1,009,018**	**1,258,520**

Note 26. Auditors' Remuneration

	2024 $	2023 $
Remuneration of the auditor, BDO Audit Pty Ltd, for: – audit and review of financial statements	132,080	143,000
Remuneration for other services, BDO Services Pty Ltd, for: – taxation compliance services	44,750	27,500
Total	176,830	170,500

Note 27. Earnings per Share

	2024 $	Restated* 2023 $
Loss after income tax	(6,761,181)	(8,687,006)
	Number	**Number**
Weighted average number of Ordinary Shares used in calculating basic earnings per Share	309,743,870	303,608,169
Weighted average number of Ordinary Shares used in calculating diluted earnings per Share	309,743,870	303,608,169
	Cents	**Cents**
Basic earnings per Share	(2.18)	(2.86)
Diluted earnings per Share	(2.18)	(2.86)

*See note 6 for details regarding the restatement

Share Options are considered to be potential Ordinary Shares but were anti-dilutive in nature for the 30 June 2024 financial year and were not included in the calculation of diluted earnings per Share. These Options could potentially dilute basic earnings per Share in the future.

Note 28. Interests in subsidiaries

Composition of the Group

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

		Ownership interest	
Name	Principal place of business / Country of incorporation	2024 %	2023 %
Maverick Data Group Pty Ltd	Australia	100.00%	100.00%
Datisan Pty Ltd	Australia	100.00%	100.00%
Holoscribe Australia Pty Ltd [1]	Australia	0%	100.00%
Wondaris Pty Ltd	Australia	100.00%	100.00%
Xpon Digital Limited [1]	United Kingdom	0%	100.00%
XPON Technologies Limited [2]	United Kingdom	100.00%	100.00%
The Representative Office of XPON Technologies Group Limited in Hanoi City	Vietnam	100.00%	100%

1. Refer to Note 5
2. Change of entity name from Holoscribe Limited to XPON Technologies Limited on 14 November 2023

The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

Note 29. Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2024 (30 June 2023: None).

Note 30. Related party

(a) The Group's main related parties are as follows:

The ultimate parent entity, which exercises control over the Group, is XPON Technologies Group Limited which is incorporated in Australia.

Remuneration of KMP - refer to note 25.

Subsidiaries - refer to note 28.

Other related parties include close family members of KMP and entities that are controlled or significantly influenced by those KMP or their close family members.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	2024 $	2023 $
KMP related parties		
Belinda Forman – Remuneration	108,884	108,793

Note 31. Cash Flow Information

(a) Reconciliation of loss after income tax benefit to net cash from operating activities

	2024 $	Restated* 2023 $
Loss after income tax benefit for the year	(6,761,181)	(8,687,006)
Adjustments for:		
Depreciation and amortisation	199,828	422,565
Share-based payments	187,757	821,534
Loss on disposals of subsidiaries	2,925,616	-
Changes in fair value of financial liabilities - derivatives	(37,400)	-
Finance costs	198,358	10,532
Change in operating assets and liabilities:		
Decrease in trade and other receivables	405,255	527,011
Decrease in deferred tax assets	93,901	145,052
(Decrease)/Increase in trade and other payables	(619,163)	3,610,034
(Decrease)/increase in other provisions	258,509	(12,701)
Decrease in other liabilities	710,904	(487,531)
Net cash used in operating activities	**(2,437,616)**	**(3,650,510)**

*See note 6 for details regarding the restatement

b) Net debt reconciliation

			Convertibles Notes			
	Borrowings	Leases	Equity	Derivative financial Liabilities - Warrants	Borrowings - Host debt liability	Total
Net debt as at 30 June 2022	**(71,386)**	**(570,011)**	**-**	**-**	**-**	**(641,397)**
Financing cash flows	14,459	49,001	-	-	-	63,460
Interest expenses	1,580	8,952	-	-	-	10,532
Interest payments (presented as operating cash flows)	(1,580)	(8,952)	-	-	-	(10,532)
Lease termination	-	521,010	-	-	-	521,010
Net debt as at 30 June 2023	**(56,927)**	**-**	**-**	**-**	**-**	**(56,927)**
Financing cash outflows	56,927	-	-	-	-	56,927
Financing cash inflows	-	-	(49,554)	(95,585)	(979,861)	(1,125,000)
Transaction costs	-	-	6,593	-	130,368	136,961
Interest expenses	(138)	-	-	-	(237,436)	(237,574)
Interest payments (presented as operating cash flows)	138	-	-	-	42,188	42,326
Changes in fair value of financial liabilities	-	-	-	37,400	-	37,400
Net debt as at 30 June 2024	**-**	**-**	**(42,961)**	**(58,185)**	**(1,044,741)**	**(1,145,887)**

Note 32. Events Occurring After the Reporting Date

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 33. Parent entity information

The following information has been extracted from the books and records of the parent, XPON Technologies Group Limited and has been prepared in accordance with Australian Accounting Standards.

The financial information for the parent entity, XPON Technologies Group Limited has been prepared on the same basis as the financial statements except as disclosed below.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of the parent entity.

	2024 $	Restated* 2023 $
Statement of Financial Position		
Assets		
Current assets	319,387	1,481,447
Non-current assets	16,308	3,895,787
Total Assets	**335,695**	**5,377,234**
Liabilities		
Current liabilities	2,214,581	1,503,885
Non-current liabilities	37,499	40,104
	2,252,080	**1,543,989**
Equity		
Issued capital	22,630,147	21,796,430
Accumulated losses	(26,509,350)	(19,748,169)
Reserves	1,962,818	1,784,984
Total Equity/(deficit)	**(1,916,385)**	**3,833,245**
Statement of Profit or Loss and Other Comprehensive Income		
Total loss for the year	**(6,761,181)**	**(8,687,006)**

*See note 6 for details regarding the restatement

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2024 or 30 June 2023.

Note 34. Segment Reporting

Identification of reportable operating segments

The Group has determined that it only has one operating segment. The operating segment identified is based on the internal reports that are received and used by the chief operating decision makers in assessing performance and determining the allocation of resources. All significant operating decisions are based upon the analysis of the Group as one segment.

The financial results from the segment are equivalent to the financial statements of the Group as a whole.

Note 35. Statutory Information

The registered office and principal place of business of the company is:

XPON Technologies Group Limited
Suite GR-111/310 Edward St,
Brisbane City, QLD, 4000

Consolidated entity disclosure statement

30 June 2024

Name of entity	Type of entity	Trustee, partner or participant in JV	% of share capital held	Country of incorporation	Australian resident or foreign resident (for tax purposes)	Foreign tax jurisdiction(s) of foreign residents
XPON Technologies Group Limited	Body corporate	-	100%	Australia	Australian	n/a
Maverick Data Group Pty Ltd	Body corporate	-	100%	Australia	Australian	n/a
Datisan Pty Ltd	Body corporate	-	100%	Australia	Australian	n/a
Wondaris Pty Ltd	Body corporate	-	100%	Australia	Australian	n/a
XPON Technologies Limited	Body corporate	-	100%	United Kingdom	Foreign	United Kingdom
The Representative Office of XPON Technologies Group Limited in Hanoi City [1]	n/a	-	n/a	n/a	n/a	n/a

1. The Representative Office of XPON Technologies Group Limited in Hanoi City is not considered a body corporate and is an extension of the parent company XPON Technologies Group Limited.

Basis of Preparation

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the Corporations Act 2001. It includes certain information for each entity that was part of the consolidated entity at the end of the financial year.

Determination of Tax Residency

Section 295 (3A) of the Corporation Acts 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency

Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in determining tax residency and ensure compliance with applicable foreign tax legislation.

Partnerships and Trusts

Australian tax law does not contain specific residency tests for partnerships and trusts. Generally, these entities are taxed on a flow-through basis, so there is no need for a general residence test. Some provisions treat trusts as residents for certain purposes, but this does not mean the trust itself is an entity that is subject to tax.

Additional disclosures on the tax status of partnerships and trusts have been provided where relevant.

Directors' declaration

30 June 2024

The Directors of the Company declare that:

1. The financial statements and notes for the year ended 30 June 2024 are in accordance with the Corporations Act 2001 and:

   - comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

   - give a true and fair view of the financial position and performance of the consolidated group;

2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. The consolidated entity disclosure statement is true and correct.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors.

Mark Simari
Chairman and Non-Executive Director

Matt Forman
Group Managing Director and CEO

27 August 2024

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INDEPENDENT AUDITOR'S REPORT

To the members of XPON Technologies Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of XPON Technologies Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 4 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

BDO

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue recognition

Key audit matter	How the matter was addressed in our audit
The Group generates revenue from multiple streams, including licences, managed services, project services and usage fees. Managed services and project services may be sold bundled with licences as one performance obligation or separate to licences as distinct performance obligations. This is important under the requirements of AASB 15 *Revenue from Contracts with Customers* and the way that these performance obligations are recognised. The Group's disclosures about revenue recognition are included in Note 3, which detail the accounting policies applied under the requirements of AASB 15 *Revenue from Contracts with Customers* and Note 7, which includes the disclosures required under the standard. The assessment of the Group's revenue recognition was significant to our audit due to the materiality of revenue to the financial report, and the complex nature of accounting for the appropriate timing of revenue related to the various revenue streams under the requirements of AASB 15 *Revenue from Contracts with Customers*.	Our audit procedures included, amongst others: • Assessing the revenue recognition policy for compliance with AASB 15 *Revenue from Contracts with Customers*. • Selecting significant customer contracts, and reconciling the contract from inception to reporting, alongside the revenue recognition under AASB 15 *Revenue from Contracts with Customers*. • Selecting a sample of revenue transactions by stream, agreeing to supporting invoices, signed customer contracts and proof of delivery where available. • Analytical review procedures on all significant revenue streams on a disaggregated balance against expected trends and prior year levels. • Selecting a sample of receipts and invoices from the clients' income in advance schedule and recalculating appropriate deferred portion of revenue. • Assessing the adequacy of the Group's revenue recognition disclosures within the financial statements.

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Valuation and disclosures of non-financial assets including goodwill

Key audit matter	How the matter was addressed in our audit
The Group's disclosures in respect to intangible assets, including the impairment assessments of goodwill and other intangible assets are included in Note 14. The carrying value of intangible assets represent a significant asset of the Group. The Group is required to assess at each reporting period if impairment indicators are present, and at least annually for goodwill test for impairment. The impairment test was significant to our audit because the goodwill and intangible assets balance is material to the financial statements, and because management's assessment process is complex, highly judgmental and includes estimates and assumptions relating to expected future market or economic conditions.	Our procedures included, amongst others: • Evaluating management's determination of the Group's Cash Generating Units ("CGU's") to ensure they are appropriate, including being at a level no higher than the operating segments of the Group • Evaluating management's process regarding the valuation of the Group's goodwill and other intangible assets • Assessing the Group's assumptions and estimates relating to forecast revenue, costs, capital expenditure, discount rates and growth rates • Involving our internal specialists to assess the discount rates against comparable market information • Assessing the disclosures related to the impairment assessment by comparing these disclosures to our understanding of the matter and the applicable accounting standards • Challenging key assumptions by performing sensitivity analysis on the growth rates and discount rate assumptions used.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's Annual Report for the year ended 30 June 2024, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 35 to 52 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of XPON Technologies Group Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

R J Liddell
Director

Brisbane, 27 August 2024

Shareholder information

The shareholder information set out below was applicable as at 18 July 2024.

There is one class of quoted securities, fully paid ordinary shares.

Ordinary Shareholders

Twenty largest quoted ordinary shareholders

		Units	% Units
1	BLACK OAK VENTURES PTY LTD <MABL FAMILY A/C >	104,954,986	28.96%
2	MR BENJAMIN PATRICK FOGARTY	33,857,180	9.34%
3	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	13,621,479	3.76%
4	MICROEQUITIES ASSET MANAGEMENT	10,727,923	2.96%
5	BLACK OAK SUPER PTY LTD <BLACK OAK SUPER FUND A/C>	8,566,666	2.36%
6	SGC EQUITIES PTY LTD	8,333,334	2.30%
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,337,863	1.47%
8	CITICORP NOMINEES PTY LIMITED	5,019,940	1.38%
9	S & K GREEN INVESTMENTS PTY LTD <S & K GREEN INVESTMENT A/C>	5,000,000	1.38%
10	MARCUS WINTON CALLON <CALLON FAMILY A/C>	4,409,270	1.22%
11	ROSE ROBERT PTY LTD <ROWAN FAMILY A/C>	4,311,495	1.19%
12	BT PORTFOLIO SERVICES LTD <LUCTON SUPER FUND A/C>	3,948,835	1.09%
13	SUMMERS & CO PTY LTD <SUMMERS & CO SUPER FUND A/C>	3,716,126	1.03%
14	ISTABRAQ PTY LIMITED <KATMAI INVESTMENTS A/C>	3,612,019	1.00%
15	SANDHURST TRUSTEES LTD <CYAN C3G FUND A/C>	3,500,000	0.97%
16	MOAT INVESTMENTS PTY LTD <MOAT INVESTMENT A/C>	3,350,000	0.92%
17	VAGANA PTY LTD <PRETTY SUPER FUND A/C>	3,333,333	0.92%
17	HR PIGLET ASSETS PTY LTD <HR PIGLET SUPERFUND A/C>	3,333,333	0.92%
17	COOL HAND INVESTMENTS PTY LTD <FORMAN FAMILY DISCRETIONARY A/C>	3,333,333	0.92%
17	ROBERT MICHAEL SEAN COOKE	3,333,333	0.92%
18	CHRISTOPHER MICHAEL ROZIC <ROZIC FAMILY A/C>	3,156,725	0.87%
19	MICRIS PTY LTD <MICRIS SUPER FUND A/C>	2,950,000	0.81%
20	PHIL ARIS & ASSOC.	2,854,850	0.79%
	Total: Top 20 holders of ordinary fully paid shares	**244,562,023**	**67.48%**
	Total Issued Capital	**362,441,495**	**100.00%**

Distribution of Equitable Securities – Ordinary Shares

Analysis of number of security holders by size of holding

Distribution of Fully Paid Ordinary Shares	Total Holders	Units	% Units
1 to 1,000	10	1,982	0.00%
1,001 to 5,000	48	165,053	0.05%
5,001 to 10,000	75	677,271	0.19%
10,001 to 100,000	279	13,676,830	3.77%
100,001 and over	202	347,920,359	95.99%
	614	**362,441,495**	**100.00%**

Marketable Parcel

	Minimum Parcel Size	Total Holders	Units
Holding less than a marketable parcel (basis price of $0.012) as at 18 July 2024	41,666	254	3,742,614

Distribution of Equitable Securities - Unlisted Options

Unlisted Options with various vesting dates and exercise prices

	Total Option Holders	Units	% Units
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	-	-	-
100,001 and over	19	30,240,274	100.00%
	19	**30,240,270**	**100.00%**

Distribution of Equitable Securities - Performance Rights

	Total Option Holders	Units	% Units
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	-	-	-
100,001 and over	4	23,666,665	100.00%
	4	**23,666,665**	**100.00%**

Performance Rights were issued under the Employee Incentives Securities Plan on 27 June 2024. 10,333,333 Performance Rights were issued to Directors and required approval of security holders under ASX Listing Rule 10.14 which was sought and received on 19 June 2024. Further details can be found in the Notice of Meeting released to the ASX on 20 May 2024.

Distribution of Equitable Securities - Share Appreciation Rights

	Total Option Holders	Units	% Units
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	-	-	-
100,001 and over	1	1,585,835	100.00%
	1	**1,585,835**	**100.00%**

Distribution of Equitable Securities - Unlisted Warrants

	Total Option Holders	Units	% Units
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	-	-	-
100,001 and over	5	22,500,000	100.00%
	5	**22,500,000**	**100.00%**

Distribution of Equitable Securities - Convertible Notes

	Total Option Holders	Units	% Units
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	-	-	-
100,001 and over	5	45,000,000	100.00%
	5	**45,000,000**	**100.00%**

Holders of more than 20% of Unquoted Equity Securities (excluding Employee Incentive Schemes)

	Unlisted Options (Exercise price $0.30, expiry 16 December 2025)	Units	% Units
1	Rouse Equities Pty Ltd <Rouse Investments A/C>	4,933,934	65.00%

	Unlisted Warrants (expiry 31 January 2026)	Units	% Units
1	DMX Capital Partners Limited	10,000,000	44.44%
2	Harvest Lane Asset Management Pty Ltd <University of Sydney>	6,000,000	26.67%
3	National Nominees Limited	5,000,000	22.22%

	Unlisted Convertible Notes (exercise price $0.025)	Units	% Units
1	DMX Capital Partners Limited	20,000,000	44.44%
2	Harvest Lane Asset Management Pty Ltd <University of Sydney>	12,000,000	26.67%
3	National Nominees Limited	10,000,000	22.22%

Substantial Holders

As at 18 July 2024, the following shareholders have disclosed a substantial shareholder notice to the ASX:

Name of Substantial Shareholders	Units	Date of interest notice
Matthew Arnold Forman	104,288,320	16 Dec 2021
Benjamin Patrick Fogarty	35,267,180	16 Dec 2021

Restricted Securities

There are no restricted securities on issue.

Voting Rights

Ordinary Shares

Each member present at a general meeting of the Company in person or by proxy, attorney or official representative is entitled:

- on a show of hands - to one vote.
- to a poll - to one vote for each share held.

Unlisted Options

Options do not entitle the holders to vote in respect of that equity instrument, nor participate in dividends, if declared until such time as the options are exercised and subsequently registered as ordinary shares.

Performance Rights

Performance Rights do not entitle the holders to vote in respect of that equity instrument, nor participate in dividends, if declared until such time as the performance rights have vested and subsequently registered as ordinary shares.

Convertible Notes

Convertible Notes do not entitle the holders to vote in respect of that equity instrument, nor participate in dividends, if declared until such time as the Convertible Notes have converted and subsequently registered as ordinary shares.

Shareholder information (continued)

Warrants

Warrants do not entitle the holders to vote in respect of that equity instrument, nor participate in dividends, if declared until such time as the warrants are exercised and subsequently registered as ordinary shares.

On-Market Buy-Back

There is currently no on-market buy-back.

Stock Exchange Listing

XPON Technologies Limited is listed on the Australian Stock Exchange Ltd (ASX) under the issuer code XPN.

Other ASX Required Information

The Company has used the cash and assets in a form readily convertible to cash, that it had at the time of admission to the ASX, in a way consistent with its business objectives. This statement is made pursuant to ASX Listing Rule 4.10.19.

Annual General Meeting

The Company advises that the Annual General Meeting ('AGM') of the company is scheduled for 25 October 2024.

Further to Listing Rule 3.13.1, Listing Rule 14.3 and clause 19.3(k) of the Company's Constitution, nominations for election of directors at the AGM must be received not less than 35 Business Days before the meeting, being no later than 6 September2024.

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

Corporate directory

Directors

Mark Simari – Independent Non-Executive Chairman

James Olsen – Independent Non-Executive Director

Matt Forman – Group Managing Director and CEO

Secretary

Hasaka Martin and **Sally Greenwood**
Automic Company Secretarial Pty Ltd

www.automicgroup.com.au

Principal Registered Office

Office 02-115, 310 Edward St
Brisbane City QLD 4000
Australia

www.xpon.ai

Share Registry

Automic Group
Level 5, 126 Phillip Street
Sydney NSW 2000 Australia

www.automicgroup.com.au

Auditor

BDO Audit Pty Ltd
Level 10, 12 Creek Street
Brisbane QLD 4000 Australia

www.bdo.com.au

Solicitors

McCullough Robertson
Level 11, 66 Eagle Street
Brisbane QLD 4000 Australia

www.mccullough.com.au

Stock Exchange Listings

XPON Technologies Group Limited shares are listed on the Australian Securities Exchange (ASX code: XPN)

Country of Incorporation

XPON Technologies Group Limited is domiciled and incorporated in Australia.

Corporate Governance Statement

The directors and management are committed to conducting the business of XPON Technologies Group Limited in an ethical manner and in accordance with the highest standards of corporate governance. XPON Technologies Group Limited has adopted and has complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations.

The Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed was approved by the Board of Directors at the same time as the Appendix 4E and Preliminary Final Report and can be found at *https://investorhub.xpon.ai/*

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