ASX Announcement

28 August 2025

XPON FY25 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 2025.

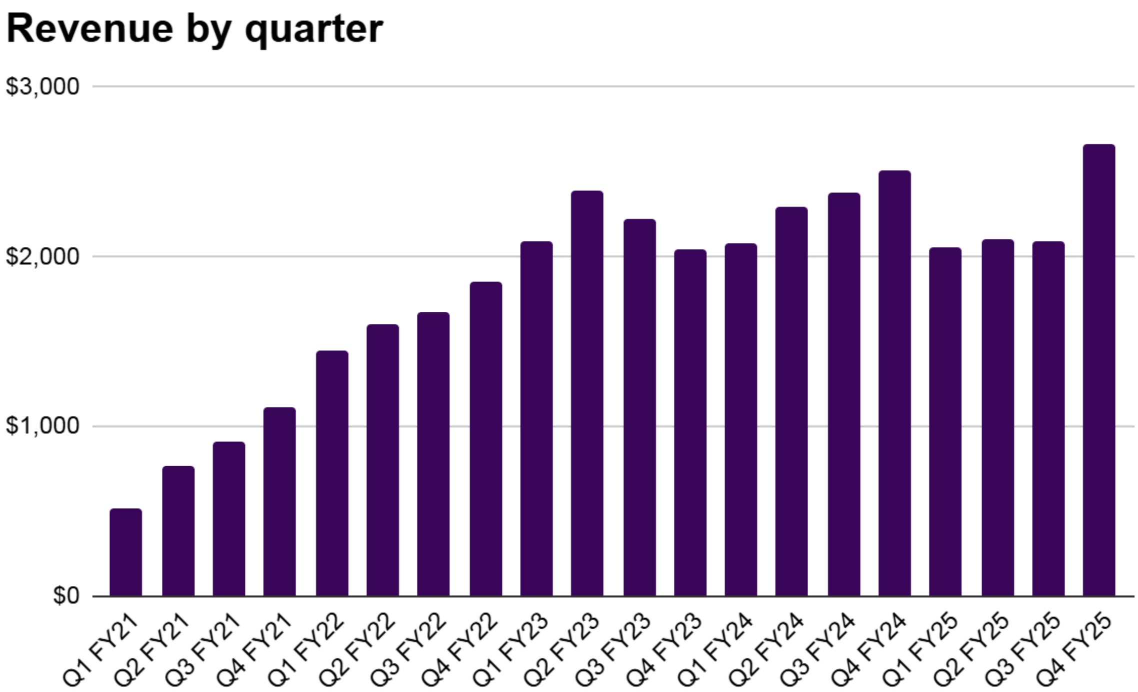
Key Highlights

- Successfully closed the acquisition of Alpha Digital on May 7 2025, immediately boosting recurring revenue by $4m and adding c$1m in cash.
- Integration of Alpha Digital progressing very positively with first cross sell deals already closed and a number of new joint Alpha + Wondaris + XPON deals in the pipeline.
- Won Australian 2024 AI Award in the category of "AI Innovation - Media & Communication Services.
- Recurring sales revenue accounted for $2.5 million (95%) of Q4's total, annualising to $10.1 million.
- Gross margin of 72%, down 2ppts from FY24, attributed to the lower margin managed services revenue stream from Alpha Digital.
- Successfully landed 13 new customers and expanded relationships with 20 existing customers.
- Maintained a cash position of $2.7m as of 30 June 2025. Ongoing cost optimisation actioned to align with future product led revenue mix with c$560k additional annualised costs removed in early July 25.
- XPON's Wondaris Composable Customer Data Platform (CDP) is now available on the Google Cloud Marketplace, which simplifies Wondaris' procurement and deployment process for customers while helping maximise the value of their cloud investments.
- Wondaris product led sales motion being further optimised with key vertical offerings developed that are focused on banking & financial services, retail, education and publishing industries.

Key Annual Financial Metrics - FY25 vs FY24

	FY25	FY24	+/-
Revenue	$8.9m	$9.8m	(10%)
Gross profit	$6.4m	$7.3m	(12%)
Gross margin	72%	74%	(2%)
Statutory EBITDA [1]	(0.1m)	($6.2m)	98%
Net profit/(loss) after tax - Statutory	(1.4m)	($6.8m)	80%
Cash at bank	$2.7m	$3.4m	(21%)

- Statutory EBITDA losses improved by 98% to $0.1m, due to operating expense optimisation and efficiency initiatives.



[1] Statutory EBITDA is an unaudited metric. Refer to the table on page 19 of the FY25 Annual Report for a full reconciliation.

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

"Financial year 2025 has been defined by our focus on profitability, operational discipline, and sustainable growth. We are pleased to share several highlights that have supported us in progressing toward these goals.

XPON's leadership in AI Marketing was recognised in November 2024 winning the prestigous Australian AI Award for AI innovation in the Media and Communications, further energising our roadmap and the evolution of Wondaris. Throughout the year, we modularised core elements of the platform to enable faster deployment and more flexible integration, allowing customers to activate predictive AI capabilities more quickly and generate incremental performance gains. These innovations are accelerating sales cycles and helping customers realise value sooner.

Our proven track record as a strategic partner continues to drive customer growth and retention. By deploying XPON's proprietary AI platform Wondaris alongside existing martech stacks, we offer flexibility that meets customers where they are on their AI transformation journey. Monthly customer retention remained strong at 97.7%, highlighting the value we deliver through ongoing service and innovation.

We have continued to refine our go-to-market strategy with a clear focus on high-margin, long-term recurring revenue. This recalibration is already contributing to a more scalable and predictable revenue base, aligned to XPON's long-term growth ambitions.

In May 2025, we completed the strategic acquisition of Alpha Digital. The acquisition brings strong cultural alignment, broadens our full-stack capability, and complements XPON's customer data and cloud technology offerings. We are already seeing positive commercial momentum, with several joint wins secured in Q4 under the combined strength of XPON, Wondaris and Alpha Digital.

This transaction also strengthened our financial position, contributing $4m in recurring revenue and c$1m in cash. Group sales revenue increased 27% quarter-on-quarter to $2.7m. We maintained disciplined cost control, delivering additional annualised cost savings of $560k in early July and closing FY25 with a cash balance of $2.7m.

Our progress this year would not have been possible without the commitment and resilience of our team. XPON's culture remains a key strength, and we are proud of the innovation, engagement, and collaboration demonstrated across the business. Thank you for your ongoing support of XPON."

Outlook and Priorities

The Company has clear priorities for FY26 :

- 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
- 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

- Continue to optimise balance sheet to strengthen financial stability

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

-ENDS-

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About XPON Technologies Group Limited (ASX: XPN)

XPON Technologies Group Limited is a leading AI marketing technology business with operations in Australia, New Zealand and the United Kingdom. We help businesses simplify complex marketing challenges and achieve superior ROI from their customers.

At the heart of our approach is the integration of data and AI, which powers our tools to predict consumer behaviour, automate marketing processes, and drive effective, data-driven decisions.

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).

XPON®

Appendix 4E

Preliminary Final Report

Item 1 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 2025

Previous period: For the year ended 30 June 2024

Item 2 Results for announcement to the market

Reported	30 June 2025($)	30 June 2024 ($)		Change ($)	Change (%)
Revenue from ordinary activities	8,917,368	9,873,318	down	(955,950)	(10%)
Net loss from ordinary activities after tax attributable to the owners of XPON Technologies Group Limited	(1,356,955)	(6,761,181)	Up	5,404,226	80%
Net loss for the year attributable to the owners of XPON Technologies Group Limited	(1,356,955)	(6,761,181)	Up	5,404,226	80%

Dividends

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

Commentary on revenue from ordinary activities and net losses is provided in the 2025 annual report.

Item 3 A statement of comprehensive income together with notes to the statement.

A statement of comprehensive income together with notes to the statement, is provided in the attached 2025 Annual Report.

Item 4. A statement of financial position together with notes to the statement.

A statement of financial position together with notes to the statement, is provided in the attached 2025 Annual Report.

Item 5. A statement of cash flows together with notes to the statement.

A statement of cash flow together with notes to the statement, is provided in the attached 2025 Annual Report.

Item 6 A statement of retained earnings,

A statement of retained earnings is provided in the attached 2025 Annual Report.

Item 7 Details of individual and total dividends

No dividends were paid in FY2025 or FY2024

Item 8 Details of dividend reinvestment plans

XPON has no dividends reinvestment plan.

Item 9 Net tangible Assets

	30 June 2025($)	30 June 2024 ($)
Net tangible assets per ordinary security	(1.59)	(1.08)

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 as at 30 June 2025 (414,253,220) and 30 June 2024 (362,441,495) respectively.

Item 10 Control gained or lost over entities

XPON gained control of Alpha Digital Design Consultants (Aust) Pty Ltd (ACN 150 718 175) on 6 May 2025.

The contribution of Alpha Digital Design Consultants (Aust) Pty Ltd to the Group for 2025, refer to Note 5 of the 2025 annual report.

There was no loss of control over any entities.

Item 11 Details of associates and joint venture entities

XPON has no associations and joint ventures entities.

Item 12 Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position.

Commentary on the results for the year ended 30 June 2025 is provided in the 2025 Annual Report, which includes the Directors report and the Financial Statements of XPON Technologies Group Limited and Controlled Entities for the year ended 30 June 2025.

Item 13 For foreign entities, which set of accounting standards is used in compiling the report.

XPON is not a foreign entity.

Item 14 A commentary on the results for the year ended 30 June 2025

Commentary on the results for the year ended 30 June 2025 is provided in the 2025 Annual Report, which includes the Directors report and the Financial Statements of XPON Technologies Group Limited and Controlled Entities for the year ended 30 June 2025.

2025 Annual General Meeting

XPON advises that its 2025 Annual General Meeting is expected be held on Monday, 24 November 2025.

In accordance with the Company's constitution and ASX Listing Rule 3.13.1, notice is provided that the closing date for receipt of nominations of persons to be considered for election as a director at the AGM is 5.00pm (Brisbane time) on Friday, 3 October 2025.

Further details relating to the meeting and how shareholders may participate will be advised in the Notice of Meeting, which will be made available to all shareholders and lodged with the ASX in October 2025.

XPON®

2025

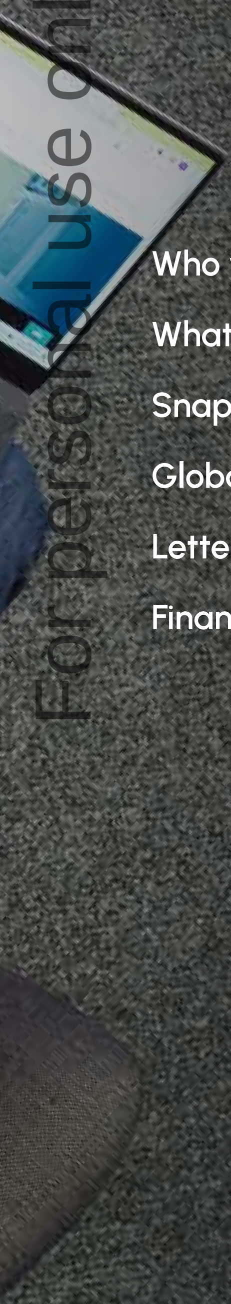
Growth through AI Marketing

Annual Report 2025

POWERED EXPONENTIALLY


The Australian Education Research Organisation

Contents



Who we are

XPON is a leading AI marketing technology company.

Growth Through AI Marketing

The explosion of AI for business and in marketing technology has continued to disrupt businesses, and the marketing functions in particular.

However, even though global marketing platforms like Google and Meta have more broadly educated customers about generative- and predictive-ai, the inability for businesses to adequately prepare their own data and business processes for quality AI tools remains a challenge. Macroeconomic conditions and increased data and privacy regulations continue to put pressures on business to remain weary of deploying AI-technology alongside or in place of their current marketing technology.

XPON helps business use first party data to implement marketing at their pace, maximising value from their technology spend. We guide customers in selecting the right tools, deploying predictive models to improve consumer insights and enable a personalised customer experience. The AI models and automation unlocks efficiency by automating routine tasks and freeing customers to focus on strategy and growth elsewhere.

XPON's collaborative approach is tailored to each customer's unique challenges, ensuring fast time-to-value. With AI-embedded marketing processes, we help customers improve productivity and drive sustained growth.

Businesses are increasingly turning to AI-powered marketing technology to drive smarter growth and unlock new sources of competitive advantage. Rather than relying upon intuition and legacy systems, they can leverage generative and predictive AI to deliver precisely targeted, personalised campaigns that speak to individual consumer needs.

This shift is transforming how brands acquire, engage, and retain customers, by boosting conversion rates, lifting marketing ROI and accelerating revenue performance.

Beyond performance gains, AI transforms the way marketing teams operate. Automating repetitive processes like data analysis, segmentation and campaign optimisation allows marketers to redirect their time and focus on more strategic priorities that drive long-term value.

XPON's implementation approach ensures that AI is deployed incrementally, helping businesses allocate spend more effectively, reduce media waste, and respond in real time to changing customer behaviours.

The cumulative impact of AI adoption is seen in higher customer lifetime value (CLV) and deeper brand loyalty over time. Personalised experiences driven by intelligent data models build stronger relationships with customers and increase average spend. XPON's solutions surface meaningful upsell and cross-sell opportunities, helping businesses diversify revenue streams and strengthen retention.

Importantly, XPON's tools and implementations prioritise responsible AI use, ensuring that personalisation efforts remain compliant with evolving data privacy regulations. They're built with transparency and governance in mind, so that customers build trust with consumers while delivering measurable performance improvements.

As a result, businesses that adopt AI in their marketing strategies with XPON are better positioned not only to grow sustainably and scale with confidence, but also to respond more effectively to market changes and compete as trusted, insight-driven brands.

Snapshot: Blue chip brands deploying XPON's solutions

Financial services

Australian Retirement Trust | OFX | firstmac | youi | pay.com.au

Retail & travel

Super Retail Group | FLIGHT CENTRE TRAVEL GROUP | webjet.com.au | LORNA JANE ACTIVE LIVING | CITY BEACH AUSTRALIA

InstantScripts | Kmart | Target | PETBARN | cash converters

Pillow Talk | Harvey Norman | BLACKMORES | General Pants Co.

Media & entertainment

carsales | 9 | 9NOW | ACM

CANSTAR | IN FORM | Stuff | thebmj

Education

UP EDUCATION | DEAKIN UNIVERSITY | mater education | UniSC | SWINBURNE | MONARCH INSTITUTE

Other

Domain | yourtown | tennis | JUMBO | alinta energy | HERRON TODD WHITE

What we do

XPON's award-winning partnership model

Our products and services ensure effective AI 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's AI algorithms, unlocking customer insights. Wondaris models 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.

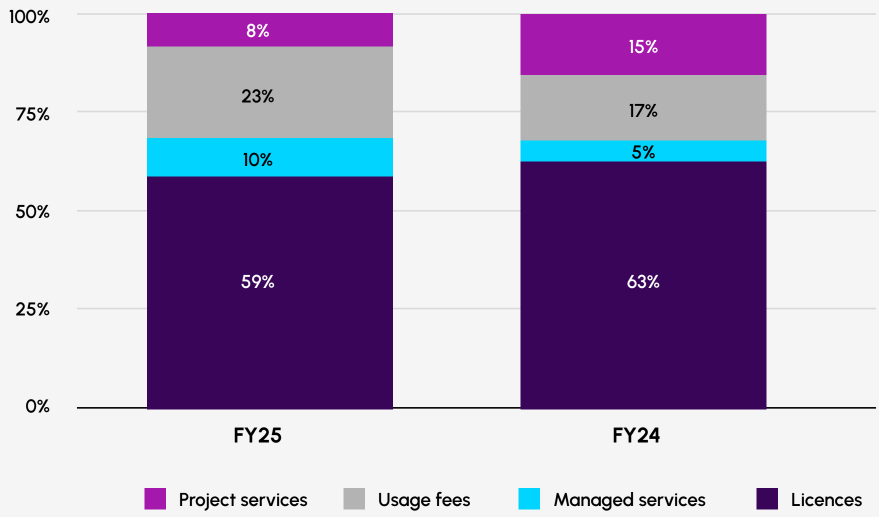
		Revenue	Type*
Products			
wondaris	XPON's cloud-based platform that centralises customer data, enriches it with Machine Learning (ML) and AI, and allows rapid and simple activation of more profitable marketing programs.	**Licenses**	
Google Cloud	Scalable platform that provides computing, storage, analytics, 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 Alpha Digital.	Consulting to help businesses use our technology products, including implementation, training, digital transformation project services, and AI readiness services.	**Project services**	$
Managed services Alpha Digital.	Enablement and support to accelerate product uptake and continued value realisation of our technology products.	**Managed Service Subscription**	

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

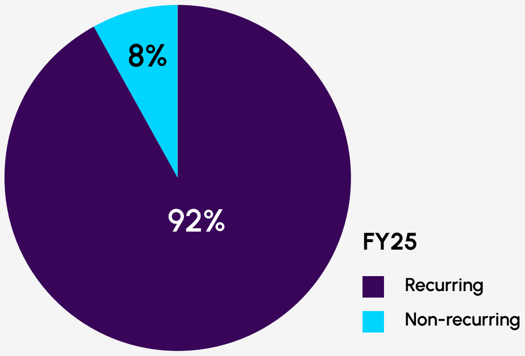
Snapshot: Financial Highlights

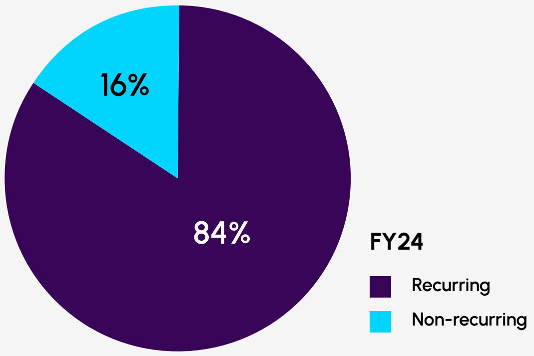
Revenue by type

The sales recalibration strategy resulted in a more sustainable revenue mix during FY25. This was driven by an 8% increase in recurring revenue, which was primarily fueled by a 6% rise in usage fees and a 5% increase in managed services.

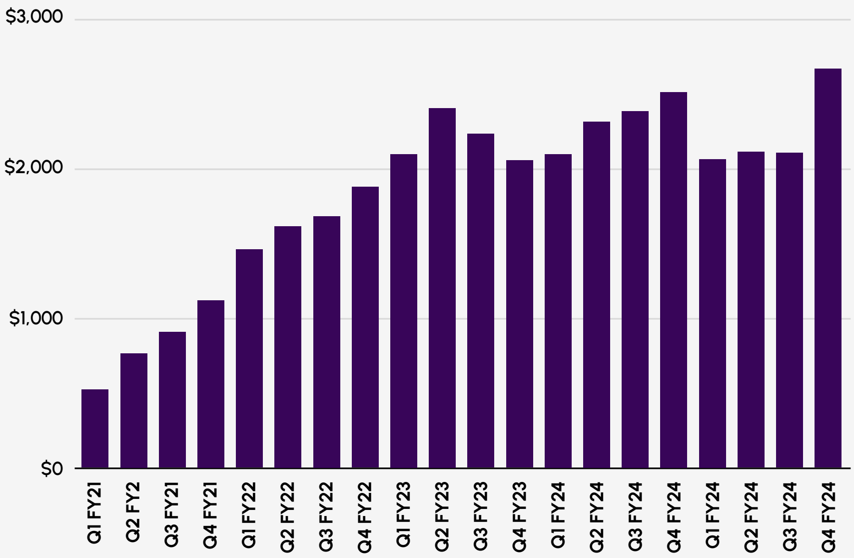


Recurring vs. non-recurring revenue



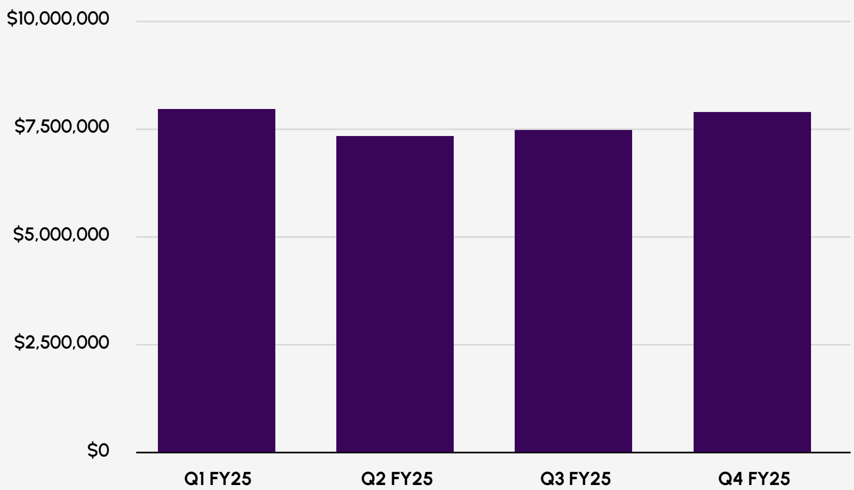


Revenue by quarter



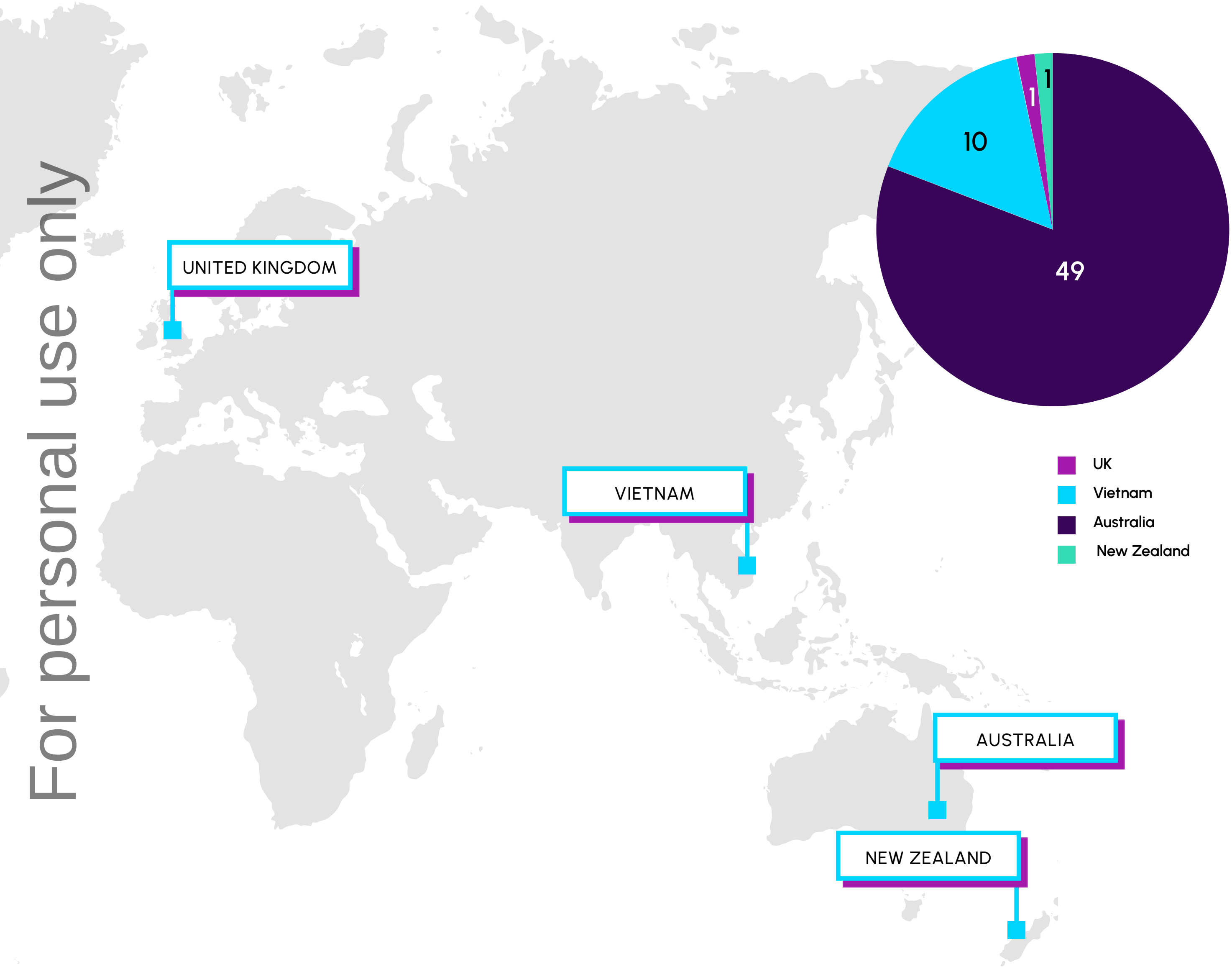
- Achieved a 27% revenue increase in Q4, driven by the integration of Alpha Digital's revenue.
- Continued resilient monthly customer retention rate of 97.9% (as of 30 June 2025).
- 13 new customers landed and 20 existing customers expanded during the year.

ARR



- Annual recurring revenue at the end of the financial year was $7.9m, representing a 36% increase from Q3 and 6% increase from Q2.
- The recalibration of the sales motion delivered a more sustainable revenue mix, increasing the recurring revenue share from 84% in FY24 to 92% in FY25.

Global team footprint*



In May 2025, we acquired Alpha Digital. This strategic decision, along with our ongoing focus on aligning our costs with business performance, has allowed us to strengthen our position as a leader in AI Marketing for our customers. Our combined expertise enables us to continue accelerating time-to-value for customers adopting AI-powered tools and achieve profitable growth.

Note:
*As of June 2025, 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:

- Gender diversity target of 30% women Non-Executive Board Members, and 30% women in senior management and key operational positions
- 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
- 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 2025 is shown below:

	Female		**Male**		**TOTAL**
	Number	%	Number	%	
Company	26	47%	29	53%	**55**
SLT	1	25%	4	80%	**5**
Board	0	0%	3	100%	**3**

Pleasingly, diversity targets for females employed were exceeded. 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 2025 has been defined by our focus on profitability, operational discipline, and sustainable growth. We are pleased to share several highlights that have supported us in progressing toward these goals.

Macroeconomic tailwinds, particularly the rapid adoption of AI-enabled technology, have accelerated the evolution of marketing and advertising technology from cost centres into strategic growth enablers. Martech investment decisions now involve a broader range of stakeholders across organisations, creating new opportunities for XPON to demonstrate the business impact of AI-powered solutions.

XPON's leadership in AI Marketing was recognised in November 2024 winning the prestigous Australian AI Award for AI innovation in the Media and Communications, further energising our roadmap and the evolution of Wondaris. Throughout the year, we modularised core elements of the platform to enable faster deployment and more flexible integration, allowing customers to activate predictive AI capabilities more quickly and generate incremental performance gains. These innovations are accelerating sales cycles and helping customers realise value sooner.

Our proven track record as a strategic partner continues to drive customer growth and retention. By deploying XPON's proprietary AI platform Wondaris alongside existing martech stacks, we offer flexibility that meets customers where they are on their AI transformation journey. Monthly customer retention remained strong at 97.7%, highlighting the value we deliver through ongoing service and innovation.

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In May 2025, we completed the strategic acquisition of Alpha Digital. The acquisition brings strong cultural alignment, broadens our full-stack capability, and complements XPON's customer data and cloud technology offerings. We are already seeing positive commercial momentum, with several joint wins secured in Q4 under the combined strength of XPON, Wondaris and Alpha Digital.

This transaction also strengthened our financial position, contributing $4m in recurring revenue and c$1m in cash. Group sales revenue increased 27% quarter-on-quarter to $2.7m. We maintained disciplined cost control, delivering additional annualised cost savings of $560k in early July and closing FY25 with a cash balance of $2.7m.

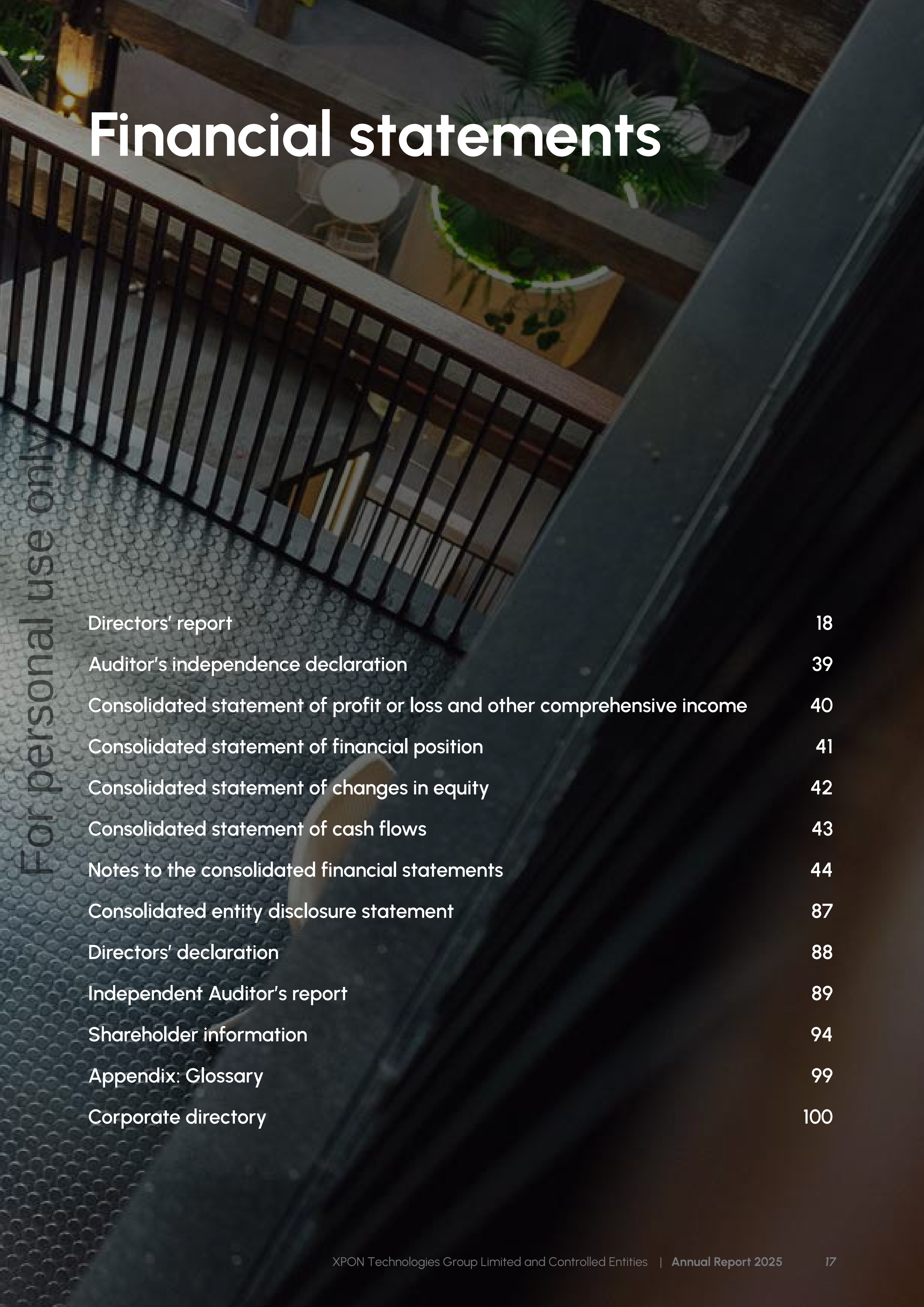
As part of our product-led growth strategy, we are now developing simplified, industry-specific solutions underpinned by Wondaris. This vertical focus allows us to engage customers with clear value propositions that address industry-specific challenges, shorten time-to-value, and support sales scale.

Our progress this year would not have been possible without the commitment and resilience of our team. XPON's culture remains a key strength, and we are proud of the innovation, engagement, and collaboration demonstrated across the business.

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 2025.

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;
James Olsen – Independent Non-Executive Director; and
Matt Forman – Group Managing Director and CEO;

Company Secretary
Hasaka Martin (appointed 20 May 2025); and
Patrica Vanni and Sally Greenwood (resigned 20 May 2025).

Principal activities
The principal activities of the Company for the year ended 30 June 2025 was the provision of:

- software enabled managed services to help companies manage business-critical marketing platforms, Adtech, ML / AI and cloud technologies;
- performance marketing, programmatic and video advertising, social and content marketing, SEO and analytics and
- a next-generation data platform for marketers that centralizes customer & marketing data, supercharging it with AI for automated activation.

Key verticals served include retail & travel, financial services, media & entertainment, 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

During the year ended 30 June 2025, the Group acquired 100% of the ordinary shares in Alpha Digital Design Consultants (Aust) Pty Ltd (Alpha) through a value-aligned deal structure. The consideration included:

- $180,000 in XPON shares issued at closing; and
- A $2.05 million vendor loan with an interest rate of 8% per annum, repayable over three years (subject to standard settlement adjustments).

Additionally, the agreement includes a performance-based earn-in of up to $891,000 over two years, contingent on Alpha achieving EBITDA growth targets of $0.8 million in FY26 and $1.1 million in FY27.

The ongoing commitment to operational efficiency has resulted in total reduction in loss of $5.4m. This positions XPON strongly for future profitability and allows it to invest strategically in growth areas. The FY26 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.

As the business focussed on recalibrating the sales motion away from one of project revenue to long term recurring revenue, on a continuing business basis, full year revenue decreased 5% to $8,917,368, gross profit decreased by 8% to $6,419,778 and gross margin decreased by 2 ppts to 72%. The Group landed 16 new customers and expanded 26 existing customers.

The consolidated loss of the Group amounted to $1,356,955 (2024: $6,761,181).

AUD $	30 /06/2025	30/06/2024	Movement %
Revenue	**8,917,368**	**9,873,318**	(10%)
Cost of sales	(2,497,590)	(2,556,754)	(2%)
Gross Profit	**6,419,778**	**7,316,564**	(12%)
Gross Margin %	**72%**	**74%**	(2%)
Other income + Changes in fair value of financial liabilities	499,570	193,307	158%
Employee expenses	(5,118,281)	(7,521,475)	(32%)
Sales & Marketing expenses	(293,044)	(250,315)	17%
IT & facilities expenses	(412,936)	(958,218)	(57%)
Loss from disposed subsidiaries	-	(2,925,616)	(100%)
General & Admin expenses	(1,194,976)	(2,055,769)	(42%)
Total Operating Expenses	**(7,019,237)**	**(13,711,393)**	(49%)
Statutory EBITDA* $	**(99,889)**	**(6,201,522)**	98%

*Statutory EBITDA is an unaudited metric.

Revenue

For the year ended 30 June 2025, the Group's total revenue was $8,917,368, representing a 10% decrease compared to the previous year (2024: $9,873,318), due to the recalibration of the sales strategy towards high margin long term recurring revenue growth;.

Gross margin

The Group's annual gross margin decreased by 2 percentage points to 72%, down from 74% in 2024, attributed to the lower margin managed services revenue stream from Alpha Digital.

Total operating expenses

Total operating expenses were $ 7,019,239 representing a decrease of 16% compared to the previous year (2024: $10,785,777 – excluding loss from disposed subsidiaries as one-off expenses).

The decrease in expenses for the year ended 30 June 2025 was in line with the restructure of the business to realign the cost base to market conditions and drive towards profitability.

The Group incurred a net loss after tax of $1,356,955 for the year ended 30 June 2025 (2024: net loss after tax of $6,761,181).

Financial position

On 30 June 2025, the Group had net liabilities of $2,648,129 (2024: net liabilities $1,916,385), including cash of $2,732,604 (2024: $3,448,794). The Group had borrowings of $3,415,574 (2024: $1,044,741) as at 30 June 2025, this increase was primarily driven by a loan which formed part of the acquisition consideration.

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 24 December 2024, the Noteholders approved a six-month extension of the Convertible Note's maturity date to 26 August 2025. Further details of the extension and its impacts are provided in Note 14 of the financial statements;
- On 6th May 2025, the Group acquired 100% of the ordinary shares in Alpha Digital Design Consultants (Aust) Pty Ltd, a leading digital marketing agency based in Australia to accelerate AI-Powered growth.

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

The Company has redeemed the convertible notes maturing on 26 August 2025, with a payment of $1.575 million, plus any unpaid interest from its existing cash reserves.

On 1 September 2025, the Company will issue 46,875,000 ordinary shares to a group of sophisticated, professional, or experienced investors. The issuance will be completed for a total consideration of $375,000, that is expected to settle on 29 August. This transaction was conducted in accordance with applicable ASX regulations and is expected to assist the Company's working capital position.

A new loan of $420,000 has been secured on 26 August over 6 months with a monthly repayment. The payment has been received by XPON.

No other matter or circumstance has arisen since 30 June 2025 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 FY26:

- Continue to monitor and optimise the recalibration of the sales strategy towards high margin long term recurring revenue growth;
- Capitalise on our leading market position by driving continued AI innovation with Wondaris to accelerate sales cycles and enhance value realisation for customers;
- Simplified product led sales motion with key vertical industry offerings underpinned by Wondaris;
- Continue momentum on our M&A strategy to further enhance shareholder value;
- Strengthen balance sheet and financial stability;
- Ensure XPON sustains a strong corporate culture and maintains high employee engagement; and
- Targeting cash flow and EBITDA positive on an underlying basis from Q2 FY26.

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	**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	**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 held by CMB Capital Pty Ltd, in the name of Finclear Services Pty Ltd <Superhero Securities A/C>. 1,341,666 Fully Paid Ordinary Shares held by JAOBQ Pty Ltd as Trustee for JAOBQ Family Trust, in the name of Finclear Services Pty Ltd <Superhero Securities A/C>. 8,333,334 Fully Paid Ordinary Shares held by SGC Equities Pty Ltd, in the name of Finclear Services Pty Ltd <Superhero Securities A/C>. **Interest in Options** None **Interest In Performance Rights** 4,000,000 performance rights in the name of CMB Capital Pty Ltd **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 8,766,666 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** Nil **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

Joint Company Secretary - Hasaka Martin (appointed 20 May 2025)	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.

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 2025, and the number of meetings attended by each Director were:

	Board		Nomination and Remuneration Committee (NRC)		Audit and Risk Management Committee (ARMC)	
	A	B	A	B	A	B
Mark Simari	12	12	1	1	4	4
James Olsen	12	12	1	1	4	4
Matt Forman	12	12	1	1	4	4

A – Number of meetings eligible to attend
B – Numbers of meetings attended

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, RSM Australia Partners, and its related practices:

	2025 $	2024 $
Other non-assurance services		
Tax compliance services	47,650	44,750

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 2025 has been received and can be found on page 39 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 2025

Remuneration Report (audited)

Remuneration Report (audited)

The Remuneration Report is set out under the headings below:

Persons covered in the Remuneration Report

This report details the remuneration arrangement of key management personnel ('KMP') of the XPON are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, which includes all Directors, and the Chief Financial Officer (CFO). The persons covered by the 2025 Remuneration report are detailed below.

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.

Executives	Role
Matt Forman	Group CEO and Managing Director ("CEO") appointed on 27 August 2019.
Rebecca He	Interim Chief Financial Officer ("Interim CFO") appointed on 06 January 2025
Lisa Young	Chief Financial Officer ("CFO") resigned on 25 January 2025

1.0 REMUNERATION AT A GLANCE

1.1 Executive Remuneration Framework

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

Total Fixed Remuneration (TFR) Base salary plus superannuation	**Performance Based Remuneration (At Risk)** Performance based incentives
TFR is set in relation to the similar roles in similar companies and is Influenced by the • strategic value and responsibilities of the role; and • individual's skills, qualifications, experience and performance.	**Short Term Incentives (STI)** paid as cash for achievement of a mix of short-term corporate and personal targets and ordinarily reflect the early stage of the company. No STI's were granted in FY25.
Reviewed annually	**Long Term Incentive (LTI)** paid as equity, that may be subject to the satisfaction of service-based conditions and/or performance hurdles No LTI's were granted to Executive KMP in FY25

1.2 FY25 Executive KMP Remuneration Mix

The remuneration mix KMP are eligible to earn in FY25 is as follows:

	Total Fixed Remuneration (TFR)	**Target STI**	**Target LTI**
Matt Forman - CEO	100%	n/a	n/a
Rebecca He – Interim CFO	100%	n/a	n/a
Lisa Young - CFO	100%	n/a	n/a

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.

FY25 Short Term Incentive (STI) Plan and Outcomes

No STI's were awarded to KMP in relation to FY25.

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.

No LTI's were awarded to KMP in relation to FY25. 1,585,835 SARS for Mr. Forman forfeited on 28 August 2024.

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
Rebecca He	Interim Chief Financial Officer	4 weeks	4 weeks	4 weeks

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

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 2025 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.

The non-executive Directors remuneration framework payment based on Total Fixed Remuneration (TFR). However, in order to preserve cash non-executive may forgo TRF in exchange for equity in the form of NED Performance Rights that vest on satisfaction of service-based conditions, Non-Executive Directors can only be awarded NED Performance Rights 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 2025, the fees payable to the current Non-Executive Directors (whether in cash or securities) did not exceed $500,000 in aggregate.

	2025 Fixed remuneration including superannuation	2024 Fixed remuneration including superannuation
Chair - Mark Simari [1]	$21,648	-
Non-Executive Directors [1]	$13,667	$90,714

1. 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).

NED 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	$0.01
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	$0.01
				10,333,333		

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 met 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

5.1 *Amounts of remuneration*

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

2025 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 $**	**Super-annuation $**	**Long service leave $ [2]**	**LTI Options [3]$**	**LTI Performance Rights $**	**Total $**
NED remuneration [3]									
Mark Simari	21,648	-	-	-	-	-	-	59,302	**80,950**
James Olsen	13,667	-	-	-	-	-	-	37,454	**51,121**
Total NED remuneration	**35,315**	**-**	**-**	**-**	**-**	**-**	**-**	**96,756**	**132,071**
Executive KMP									
Matt Forman	262,750	-	39,476	25,280[1]	29,479	71,234	-	-	**428,219**
Rebecca He	92,055	-	11,779	67,000[5]	10,636	1,920	-	-	**183,390**
Lisa Young [4]	157,889	-	-	-	17,647	-	-	-	**175,536**
Total Executive KMP	**512,694**	**-**	**51,255**	**92,280**	**57,762**	**73,154**	**-**	**-**	**787,145**
Total KMP remuneration expensed	**548,009**	**-**	**51,255**	**92,280**	**57,762**	**73,154**	**-**	**96,756**	**919,216**

1. Other benefits include motor vehicle expenses for Mr Forman.
2. Amounts accrued for the year ending 2025.
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. Ms Lisa Young resigned on 25 January 2025.
5.During the reporting period, Xpon engaged Rebecca He under a part-time employment contract to perform the role of Interim Chief Financial Officer. In addition to this salaried position, Rebecca He also provided consulting services relating to process improvement through a separate entity, RH CFO Consulting, which is controlled by Rebecca He.

The consulting arrangement was conducted on arm's length terms and approved by the Board, with appropriate governance and conflict management protocols in place. Fees paid to RH CFO Consulting during the period totalled $67,000 and are disclosed as Other Benefits. The Board considers this dual engagement structure to be cost-effective and aligned with the Company's strategic needs, while maintaining transparency and compliance with ASX Listing Rules and the Corporations Act 2001.

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 Rights $	Share Appreciation Rights $ [4]	Total $
NED remuneration [3]										
Mark Simari [7]	-	-	-	-	-	-	-	6,049	-	**6,049**
James Olsen [7]	-	-	-	-	-	-	-	3,819	-	**3,819**
Phil Aris [6]	73,410	-	-	-	-	-	-	-	-	**73,410**
Tim Ebbeck [6]	44,703	-	-	-	-	-	11,640	-	-	**56,343**
Jodie Leonard [6]	46,012	-	-	-	-	-	-	-	-	**46,012**
Total NED remuneration	**164,125**	**-**	**-**	**-**	**-**	**-**	**11,640**	**9,868**	**-**	**185,633**
Executive KMP										
Matt Forman	262,750	-	37,792	25,025	28,325	66,490	-	-	85,513	**505,895**
Lisa Young	271,493	-	5,057	-	29,864	-	-	-	-	**306,414**
Leanne Wolski [8]	-	-	10,563	-	513	-	-	-	-	**11,076**
Total Executive KMP	**534,243**	**-**	**53,412**	**25,025**	**58,702**	**66,490**	**-**	-	**85,513**	**823,385**
Total KMP remuneration expensed	**698,368**	**-**	**53,412**	**25,025**	**58,702**	**66,490**	**11,640**	**9,868**	**85,513**	**1,009,018**

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.

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	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Non-Executive Directors						
Mark Simari	100%	100%	-	-	n/a	n/a
James Olsen	100%	100%	-	-	n/a	n/a
Executive KMP						
Matt Forman	100%	100%	0%	0%	0%	17%
Lisa Young[4]	100%	100%	-	-	-	-
Rebecca He [2]	100%	100%	-	-	-	-

1. Fixed remuneration includes base salary, super and other benefits
2. Ms. Rebecca He was not eligible to earn an STI or LTI in FY25 due to timing of her appointment.
3. Share Appreciation Rights for NEDs were foregone during FY24, No remaining value in the Financial Statements of the SAR expense in FY25.
4. Mr Lisa Young resigned on 25 January 2025.

5.3 Share-based compensation

5.3.1 Issue of Shares

There were no Shares issued to KMP as part of compensation during the year ended 30 June 2025.

5.3.2 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 2024	Number Options Forfeited as at 30 June 2025	Number Options Vested as at 30 June 2025	Other changes	Balance under Option Unvested
01-Jul-2021	02-Jul-2031	$0.11	3,972,220	-	3,722,220	-	250,000
			3,972,220	**-**	**3,722,220**	**-**	**250,000**

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

5.3.3 Issue of Options

There were no Options issued to KMP as part of compensation during the year ended 30 June 2025.

2025 Ordinary Option holdings of KMP

Name	Balance 1 July 2024	Granted during the reporting period	Exercised during the reporting period	Lapsed during the reporting period	Other changes	Balance 30 June 2025	Vested during the reporting period	Vested and exercisable 30 June 2025	Unvested and not exercisable 30 June 2025
Non-Executive Directors									
Mark Simari	-	-	-	-	-	-	-	-	-
James Olsen	-	-	-	-	-	-	-	-	-
Executive KMP									
Matt Forman	3,472,220	-	-	-	-	3,472,220	-	3,472,220	-
Rebecca He	-	-	-	-	-	-	-	-	-
Total	**3,472,220**	**-**	**-**	**-**	**-**	**3,472,220**	**-**	**3,472,220**	**-**

2025 Performance Incentive Options holdings of KMP

Name	Balance 1 July 2024	Granted during the reporting period	Exercised during the reporting period	Lapsed during the reportin g period	Balance 30 June 2025	Vested during the reporting period	Vested and exercisable 30 June 2025	Unvested and not exercisable 30 June 2025
Executive KMP								
Matt Forman	500,000	-	-	-	500,000	-	250,000	250,000

5.3.4 Issue of Share Appreciation Rights

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

Share Appreciation Rights (SARs) holdings granted to KMP

Name	Balance 1 July 2024	Approved by Shareholders to be granted during the reporting period	Granted during the reporting period	Cancelled during the period	Balance 30 June 2025	Vested during the reporting period	Vested and exercisable 30 June 2025	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 FY24 and no SARs had vested as of 30 June 2025. 1,585,835 SARS have lapsed during FY25.

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 held by KMP during FY25:

Name	Balance 1 July 2024	Granted during the reporting period	Balance 30 June 2025	Vested during the reporting period	Vested and exercisable 30 June 2025
Non-Executive Directors					
Mark Simari	6,333,333	-	6,333,333	6,333,333	6,333,333
James Olsen	4,000,000	-	4,000,000	4,000,000	4,000,000
Total	**10,333,333**	**-**	**10,333,333**	**10,333,333**	**10,333,333**

5.3.5 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:

2025 Movement in Shares

Name	Balance at start of year [1]	Received as part of remuneration	Purchased on market	Disposal of shares	Other changes	Balance at 30 June 2025
Non-Executive Directors						
Mark Simari	1,516,666	-	-	-	-	1,516,666
James Olsen	10,000,000	-	-	-	-	10,000,000
Executive KMP						
Matt Forman	113,521,652	-	200,000	-	-	113,721,652
Rebecca He	-	-	-	-	-	-
Total	**125,038,318**	**-**	**200,000**	**-**	**-**	**125,238,318**

5.4 Additional disclosures relating to KMP

5.4.1 Loans to KMP and their related parties

There were no loans to KMP during the year.

5.4.2 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:

	2025 $	2024 $
KMP related parties		
Belinda Forman – Remuneration	164,061	108,884
RH CFO Consulting – Remuneration	67,000	-

Belinda Forman, spouse of the Chief Executive Officer, was employed during the year as Team and Culture Development Coach. The Board is satisfied that governance protocols, including independent oversight of remuneration and reporting lines, appropriately manage any potential conflicts. As she is not a member of KMP, her remuneration is excluded from KMP disclosures but is disclosed in the financial statements per AASB 124.

Xpon engaged Rebecca He under a part-time employment contract to perform the role of Interim Chief Financial Officer. In addition to this salaried position, Rebecca He also provided consulting services relating to process improvement through a separate entity, RH CFO Consulting, which is controlled by Rebecca He.
The consulting arrangement was conducted on arm's length terms and approved by the Board, with appropriate governance and conflict management protocols in place. Fees paid to RH CFO Consulting during the period totalled

$67,000 and are disclosed as Other Benefits. The Board considers this dual engagement structure to be cost-effective and aligned with the Company's strategic needs, while maintaining transparency and compliance with ASX Listing Rules and the Corporations Act 2001.

5.5 Additional information

The earnings of the consolidated entity for the five years to 30 June 2025 are summarised below:

	2025 ($)	2024 ($)	2023 ($)	2022 ($)	2021 ($)
Sales revenue	8,917,368	9,873,318	15,070,156	13,310,449	5,439,128
EBITDA	(99,889)	(6,201,522)	(8,036,909)	(6,097,034)	(1,620,235)
EBIT	(262,870)	(6,401,350)	(8,459,474)	(6,578,213)	(1,983,424)
Loss after income tax	(1,356,955)	(6,761,181)	(8,604,526)	(6,301,292)	(1,933,046)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2025	2024	2023	2022	2021
Share price at financial year end ($)	0.009	0.016	0.051	0.12	N/A
Total dividends declared (cents per share)	-	-	-	-	-
Basic losses per share (cents per share)	(0.37)	(2.18)	(2.83)	(2.32)	(0.89)

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 2025

Auditor's independence declaration

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of XPON Technologies Group Limited and its controlled entities for the year ended 30 June 2025, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

A L WHITTINGHAM
Partner

Melbourne, Victoria
Dated: 27 August 2025

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2025

	Note	2025 $	2024 $
Revenue from contracts with customers	6	8,917,368	9,873,318
Cost of sales		(2,497,590)	(2,556,754)
Gross profit		6,419,778	7,316,564
Other income	6	140,569	193,307
Changes in fair value of financial liabilities		374,127	37,400
Superannuation expense		(432,948)	(534,990)
Employee expenses		(4,685,332)	(6,986,485)
Depreciation and Amortisation		(162,981)	(199,828)
Other expenses	7	(1,194,976)	(2,093,169)
Finance expenses		(1,009,152)	(265,930)
Sales and Marketing expense		(293,044)	(250,315)
IT and Facilities expense		(412,936)	(958,218)
Losses on disposal		-	(2,925,616)
Loss before income tax expense		**(1,256,895)**	**(6,667,280)**
Income tax expense	8	(100,060)	(93,901)
Loss after income tax expense for the year		**(1,356,955)**	**(6,761,181)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign controlled entities		(39,173)	(52,884)
Other comprehensive income for the year, net of tax		(39,173)	(52,884)
Total comprehensive loss for the year		**(1,396,128)**	**(6,814,065)**
			Cents
Earnings per Share for loss attributable to the ordinary equity holders of the Company:			
Basic loss per Share	25	(0.37)	(2.18)
Diluted loss per Share	25	(0.37)	(2.18)

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 2025

	Note	2025 $	2024 $
ASSETS			
Current assets			
Cash and cash equivalents	9	2,732,604	3,448,794
Trade and other receivables	10	4,023,464	4,023,887
Contract assets	11(a)	73,132	125,714
Prepayments		252,788	226,080
Other assets		-	5,313
Total current assets		**7,081,988**	**7,829,788**
Non-current assets			
Property, plant and equipment		12,820	12,615
Right of use assets	16	811,575	-
Intangible assets	12	3,790,488	1,406,803
Deferred tax assets	21	168,470	576,310
Other assets		76,142	21,220
Total non-current assets		**4,859,495**	**2,016,948**
Total assets		**11,941,483**	**9,846,736**
LIABILITIES			
Current liabilities			
Trade and oher payables	13	7,124,206	8,204,011
Financial liabilities - derivatives	14	3,879	58,185
Borrowings	14	2,054,038	1,044,741
Employee benefits	15	627,687	469,474
Lease liabilities	16	215,569	-
Other provisions		118,211	258,509
Contract liabilities	11(b)	1,871,233	1,653,323
Total current liabilities		**12,014,823**	**11,688,243**
Non-current liabilities			
Borrowings	14	1,361,536	-
Deferred consideration	5	415,090	-
Lease liabilities	16	602,718	-
Employee benefits	15	195,445	74,878
Total non-current liabilities		**2,574,789**	**74,878**
Total liabilities		**14,589,612**	**11,763,121**
Net liabilities		**(2,648,129)**	**(1,916,385)**
EQUITY			
Issued capital	17	22,968,720	22,630,147
Reserves	18	2,249,456	1,962,818
Accumulated losses		(27,866,305)	(26,509,350)
Total deficiency in equity		**(2,648,129)**	**(1,916,385)**

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 2025

	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 loss for the year	-	(52,884)	-	-	(6,761,181)	(6,814,065)
Transactions with owners in their capacity as owners:						
Share based payment transactions	-	-	-	187,757	-	187,757
Issue of ordinary shares	882,500	-	-	-	-	882,500
Transaction costs on issue of ordinary shares, net of tax	(48,783)	-	-	-	-	(48,783)
Value of conversion rights - convertible notes (note 14)	-	-	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)

	Ordinary Shares $	Foreign Currency Translation Reserve $	General Reserve $	Employee Option Reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2024	22,630,147	(4,678)	42,961	1,924,535	(26,509,350)	(1,916,385)
Loss after income tax benefit for the year	-	-	-	-	(1,356,955)	(1,356,955)
Other comprehensive income for the year, net of tax	-	(39,173)	-	-	-	(39,173)
Total comprehensive loss for the year	22,630,147	(43,851)	42,961	1,924,535	(27,866,305)	(3,312,513)
Transactions with owners in their capacity as owners:						
Share based payment transactions (note 18)	-	-	-	325,811	-	325,811
Issue of ordinary shares (note 5)	180,000	-	-	-	-	180,000
Convertible Notes warrants exercised (note 17)	158,573	-	-	-	-	158,573
Balance at 30 June 2025	22,968,720	(43,851)	42,961	2,250,346	(27,866,305)	(2,648,129)

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 2025

	Note	2025 $	2024 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers (inclusive of GST)		8,646,008	12,155,073
Payments to suppliers and employees (inclusive of GST)		(10,197,543)	(14,683,342)
Finance costs (net)		(211,204)	(39,077)
Government grants and tax incentives		101,403	129,730
Net cash used in operating activities	**29**	**(1,661,336)**	**(2,437,616)**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(6,357)	-
Cash acquired on acquisition of subsidiary	5	942,426	-
Cash foregone upon disposal of businesses		-	(261,521)
Proceeds from property, plant & equipment		1,964	3,032
Net cash from/(used in) investing activities		**938,033**	**(258,489)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares	17	-	882,500
Proceeds from Convertible Notes Warrants exercised		104,265	-
Proceeds from issues of convertible debt securities	16	-	1,125,000
Repayment of borrowings		(23,887)	(56,927)
Principal elements of lease payments		(34,092)	-
Transaction costs related to issues of equity securities or convertible debt securities		-	(216,921)
Net cash from financing activities		**46,286**	**1,733,652**
Net decrease in cash and cash equivalents		(677,017)	(962,453)
Cash and cash equivalents at the beginning of the financial year		3,448,794	4,415,166
Effects of exchange rate changes on cash and cash equivalents		(39,173)	(3,919)
Cash and cash equivalents at the end of the financial year	**9**	**2,732,604**	**3,448,794**

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 2025

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 2025.

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 accounting policies that are material to the Group 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.

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 year ended 30 June 2025, the Group incurred a net loss after tax of $1,356,955 (2024: $6,761,181) and had operating cash outflows of $1,661,336 (2024: $2,437,616), and at this date reported a net current asset deficiency of $4,932,835 (2024: $3,858,455) and net liabilities of $2,648,129 (2024: net liabilities of $1,916,385).

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 Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- Further annualised cost reductions of were implemented in early July 2025 to align the company's staffing with its vertical go to market strategy and increasing focus on the Wondaris platform as our key marketing offering.
- The strategic acquisition of Alpha Digital will bring a lot of potential for growth, simplifying procurement and accelerating average revenue generated per customer growth through cross sell opportunities for both XPON and Alpha Digital;
- The Directors are confident additional funds and/or capital can be raised as is necessary to meet obligations as they fall due.
- As outlined in note 30, on 1 September 2025, the Company will issue 46,875,000 ordinary shares to a group of sophisticated, professional, or experienced investors. The issuance will be completed for a total consideration of $375,000, that is expected to settle on 29 August.

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.

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 31.

Basis for consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at 30 June 2025 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 26 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.

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; and

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.

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; and
- 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	20 - 50%
Leasehold improvements	20%

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); and
- 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; and
- 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 20 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.

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.

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 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 one to five 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.

Leases

At inception of a contract, the Group assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset;
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of non-financial assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Group has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months without an option to extend) and leases of low-value assets. The Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

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.

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- the fair values of the assets transferred
- the liabilities incurred to the former owners of the acquired business
- the equity interests issued by the group
- the fair value of any asset or liability resulting from a contingent consideration arrangement, and
- the fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- the consideration transferred
- the amount of any non-controlling interest in the acquired entity, and
- the acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or as financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Adoption of new and revised accounting standards

The Group has adopted all accounting standards which became effective for the first time at 1 July 2025 - 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 2025. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

AASB 18 Presentation and Disclosure in Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2027 and early adoption is permitted. The standard replaces IAS 1 'Presentation of Financial Statements', with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. But the standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations.

The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The consolidated entity will adopt this standard from 1 July 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.

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 – business combinations

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

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 20 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 12 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 estimates - contingent consideration

In the event that EBITDA targets are achieved by Alpha Digital Design Consultants (Aust) Pty Ltd for the years ended 30 June 2026 and 30 June 2027, additional consideration of up to $891,000 may be payable in cash or the Group's shares at 15 % discount to 15 day VWAP, floor $0.015 per share.

The potential undiscounted amount payable under the agreement is between $0 for EBITDA under $648,000 for FY26 and under $891,000 for FY27 and $891,000 for EBITDA above $1,200,000 for FY26 and above $1,650,000 for FY27. The fair value of the contingent consideration of $415,090 was estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 21.32% and assumed probability-adjusted EBITDA of Alpha Digital.

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.

Note 5. Business Combinations

(a) Summary of acquisition

On 6th May 2025, the Group acquired 100% of the ordinary shares in Alpha Digital Design Consultants (Aust) Pty Ltd, a leading digital marketing agency based in Australia to accelerate AI-Powered growth. The acquisition enables the Group to leverage its leading AI capabilities to accelerate Alpha Digital's transformation, immediately expanding its portfolio of competitive AI solutions and enhancing its overall value and profitability. The acquired business contributed revenues of $650,941 and profit after tax of $ 113,208 to the consolidated entity for the period from 7 May 2025 to 30 June 2025. If the acquisition occurred on 1 July 2024, the full year contributions would have been revenues of $4,513,211 and profit after tax of $147,353. The values identified in relation to the acquisition of Alpha Digital Design Consultants (Aust) Pty Ltd are provisional as at 30 June 2025.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Fair value of purchase consideration (refer to (b) below):

	$
Ordinary shares issued[1]	180,000
Contingent consideration (note 4)	415,090
Borrowings (note 14)	2,005,488
Total purchase consideration	**2,600,578**

[1]30,811,725 ordinary fully paid shares issued on completion of the acquisition of Alpha based on 15 day VWAP prior to the date of completion, being $0.005842 per share.

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair Value (Provisional) $
Cash and cash equivalents	942,426
Trade and other receivables	872,001
Prepayments	34,960
Property, plant and equipment	7,937
Intangible assets	17,230
Deferred tax assets	69,192
Other assets	60,381
Trade and other payables	(954,351)
Employees benefit	(247,508)
Contract liabilities	(260,668)
Provisions	(38,595)
Customer contracts	1,507,884
Deferred tax liabilities on customer contracts acquired	(376,971)
Net identifiable assets acquired	**1,633,918**
Add: Goodwill	966,660
Acquisition-date fair value of the total consideration transferred	**2,600,578**

(b) Purchase consideration – cash inflow

Cash outflow, to acquire subsidiary, net of cash acquired	$
Cash consideration	-
Less: balances acquired	
Cash	942,426
Net inflow of cash – investing activities	**942,426**

Acquisition-related costs
Acquisition-related costs of $41,213 that were not directly attributable to the issue of shares are included in administrative expenses in the statement of profit or loss and in operating cash flows in the statement of cash flows.

Identifiable intangible assets acquired
The customer contracts acquired in the business combination have an estimated useful life of 5 years, based on management's assessment of the period over which the assets are expected to generate economic benefits. The useful lives are reviewed at each reporting date and adjusted if appropriate.

The purchase price allocation for this acquisition has been determined on a provisional basis as at the reporting date. The Group will finalise the fair values of the assets acquired and liabilities assumed within the 12-month measurement period from the acquisition date, as permitted under AASB 3 Business Combinations. Adjustments, if any, to the provisional amounts will be recognised retrospectively as if the accounting had been completed at the acquisition date.

Note 6. Revenue from contracts with customers and Other Income

Disaggregation of revenue

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

	2025 $	2024 $
Major services line		
Licences	5,306,877	5,686,513
Managed services	860,894	778,536
Project services	703,595	1,804,235
Usage Fees	2,046,002	1,604,034
	8,917,368	**9,873,318**
Geographical regions		
Australia	8,291,930	9,029,007
United Kingdom	625,438	844,311
	8,917,368	**9,873,318**
Timing of revenue recognition		
Services transferred over time	6,871,366	8,269,284
Services transferred at a point in time	2,046,002	1,604,034
	8,917,368	**9,873,318**

	2025 $	2024 $
Other Income		
- R&D refund	100,337	129,730
- Other income	40,233	63,577
	140,569	193,307

Customers accounting for more than 10% of the Group's revenue are as follows:

	2025 $	2024 $
OFX	928,176	1,116,966
ART Group Services Limited	992,434	860,709

Note 7. Other expenses

Other expenses are comprised of the following:	2025 $	2024 $
Consulting and Accounting expenses	152,659	419,189
Insurance and Travel expenses	268,393	318,321
Compliance expenses	342,598	417,153
People & Culture Expenses	32,461	290,797
Other expenses	398,865	647,709
	1,194,976	2,093,169

Note 8. Income Tax Expense

(a) The major components of tax expense comprise:

	2025 $	2024 $
Current tax expense		
- Current tax	-	-
- Deferred tax	100,060	93,901
	100,060	93,901

b) Reconciliation of income tax to accounting profit:

	2025 $	2024 $
Loss before income tax expense	(1,256,895	(6,667,280)
Tax at the statutory tax rate of 25% (2024: 25%)	(314,224)	(1,666,820)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
- Share options expensed during year	81,453	46,939
- Loss on disposal of subsidiaries	-	707,422
- Write off of related party loans receivable	-	165,411
- unrecognised losses	418,484	928,350
- previously unrecognised tax losses recouped to reduce current tax	(46,033)	-
- differences in overseas tax rates (UK operations: 19%)	(14,537)	(45,568)
- non-assessable income	(25,084)	(41,833)
Income tax expense	100,060	93,901

Note 9. Cash and Cash Equivalents

	2025 $	2024 $
Cash at bank and in hand	2,732,604	3,448,794

	2025 $	2024 $
Trade receivables	4,128,837	4,064,039
Other receivables	7,334	10,805
Less: Allowance for expected credit losses	(112,707)	(50,957)
Total current trade and other receivables	4,023,464	4,023,887

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 2025 is included at note 20.

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 2025 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 20.

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 11. Contract Assets and Contract Liabilities

(a) Contract assets

	2025 $	2024 $
Project services	73,132	125,714

The contract assets balance represents where the Group has provided services ahead of the agreed payment schedules for customer service contracts.
The movement of contract assets during the year is as below:

	2025 $	2024 $
Opening balance	125,714	499,316
Addition	73,132	125,714
Transferred to trade receivable	(125,714)	(499,316)
Ending balance	73,132	125,714

(b) Contract liabilities

	2025 $	2024 $
Licenses	1,714,313	1,493,242
Managed services	51,188	28,000
Project services	105,732	132,081
	1,871,233	1,653,323

The movement of contract liabilities during the year is as below:

	2025 $	2024 $
Opening balance	1,653,323	1,195,983
Addition	6,125,013	6,922,389
Additions through business combination (note 5)	260,668	-
Recognized as revenue	(6,167,771)	(6,465,049)
Ending balance	1,871,233	1,653,323

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.

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatified at the end of the reporting period and is expected to be recognized as revenue in future periods as follows:

	2025 $	2024 $
Within 6 months	1,286,781	1,547,654
6 to 12 months	584,452	105,669
	1,871,233	**1,653,323**

Note 12. Intangible Assets

	2025 $	2024 $
Goodwill - at cost	2,127,630	1,160,970
Patents, Trademarks and other intangibles - at cost	57,769	40,539
Patents, Trademarks and other intangibles - Accumulated amortisation	(12,542)	(12,542)
Net carrying value	**45,227**	**27,997**
Software - at cost	313,117	313,117
Software - Accumulated amortisation	(313,117)	(310,143)
Net carrying value	**-**	**2,974**
Customer contracts - at cost	1,891,884	384,000
Customer contracts - Accumulated amortisation	(274,253)	(169,138)
Net carrying value	**1,617,631**	**214,862**
Total Intangible assets	**3,790,488**	**1,406,803**

Reconciliation of written down values of intangible assets for the current and previous financial year is set out below:

	Patents, Trademarks and other intangibles $	Customer Contracts $	Goodwill $	Software $	**Total** $
Year ended 30 June 2025					
Balance at the beginning of the year	27,997	214,862	1,160,970	2,974	1,406,803
Addition due to business combination (note 5)	17,230	1,507,884	966,660	-	2,491,774
Amortisation	-	(105,115)	-	(2,974)	(108,089)
Balance at the end of the year	**45,227**	**1,617,631**	**2,127,630**	**-**	**3,790,488**

	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

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 been impaired on an annual basis. For the 2025 and 2024 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 $17,645,000.

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

	2025	2024
Revenue (% annual growth rate)	25%	22.7%
Long term growth rate (%)	2%	2%
Pre tax discount rate (%)	24.8%	25.5%

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 20% 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 13. Trade and Other Payables

	2025 $	2024 $
Trade payables	5,807,536	6,770,455
Accruals and other payables	1,127,674	1,254,668
GST payable	188,996	178,888
Total Trade and Other Payables	**7,124,206**	**8,204,011**

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 14. Borrowings

	2025 $	2024 $
CURRENT		
Loans payable - Convertible Notes[1]	1,433,974	1,044,741
Vendor loan[2]	620,064	
Total	**2,054,038**	**1,044,741**
NON CURRENT		
Vendor loan[2]	1,361,536	-

[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.

On 24 December 2024, the Noteholders approved a six-month extension of the maturity date to 26 August 2025, with an interest rate of 20% per annum for the extended period. The extension was assessed as a substantial modification. As a result, the original financial liability was derecognised and the new liability was recognised at its fair value. The difference between the carrying amount of the original liability and the fair value of the new liability was charged in profit or loss result.

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
Opening balance as at 30 June 2024	42,961	58,185	1,044,741
Unwinding Interest expense	-	-	946,172
Repayment of Interest payable	-	-	(182,812)
Warrants exercised	-	(54,306)	-
Gain in fair value due to extension	-	-	(374,127)
Amount presented on statement financial position as at 30 June 2025	**42,961**	**3,879**	**1,433,974**

[2] Vendor loan

As announced on 5 May 2025, Xpon acquired 100% of the ordinary shares of Alpha Digital partly via a vendor loan arrangement. The vendor (Coopers Shield Pty Ltd as trustee for Cooper Family Trust) has agreed that part of the consideration, amounting to $2,005,488, will be paid over a period of three years (Vendor Loan). Matthew Cooper is a director and controller of Coopers Shield Pty Ltd, and a beneficiary of the Cooper Family Trust. XPON will pay the $2,005,488 plus interest at 8% per annum accrued by way of 36 monthly repayments. The final payment is 1 May 2028. XPON may elect to repay the Vendor Loan early. The Vendor Loan is secured by the shares in Alpha Digital. The material default provisions are a payment default or an insolvency event.

Defaults and breaches

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

Note 15. Employees benefit

	2025 $	2024 $
Current liabilities		
Provision for employee benefits	627,687	469,474
Non-current liabilities		
Provision for employee benefits	195,445	74,878

Note 16. Leases

The leases of the Group contain one office space and computer equipment .

Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

The Group has 2 lease agreements in place, one for corporate offices and one for laptop equipment, with lease terms of 4 years and 3 years respectively. The corporate office leases contain annual pricing mechanism based on CPI movements at each anniversary of the lease inception.

Right-of-use assets

	Office Leases $	Computer equipment $	Total $
Year ended 30 June 2025			
Balance at beginning of year	-	-	-
Additions via business combination (note 5)	788,021	64,358	852,379
Lease amortisation	(36,652)	(4,152)	(40,804)
Balance at end of year	751,369	60,206	811,575

Lease liabilities

	2025 $	2024 $
Lease liabilities – current	215,569	-
Lease liabilities – non-current	602,718	-
Total	**818,287**	-

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in the Statement Of Financial Position
2025					
Lease liabilities	272,060	629,819	-	901,879	818,287

Extension options

The leases contain extension options which allow the Group to extend the lease term.

The Group includes options in the leases to provide flexibility and certainty to the Group operations and reduce costs of moving premises and the extension options are at the Group's discretion. At commencement date and each subsequent reporting date, the Group assesses where it is reasonably certain that the extension options will be exercised.

There are no potential future lease payments which are not included in lease liabilities as the Group has assessed that the exercise of the option is reasonably certain, and factored these into lease liability balances.

Note 17. Issued Capital

	2025 $	2024 $
414,253,220 Ordinary Shares (30 June 2024: 362,441,495)	23,757,183	23,418,610
Share issue costs (net of deferred tax)	(788,463)	(788,463)
Total	**22,968,720**	**22,630,147**

(a) Ordinary Shares

	2025 $	2025 No.
At the beginning of the reporting period	22,630,147	362,441,495
Shares issued during the year - Ordinary Shares		
9 May 2025 (21,000,000) – Convertible Notes warrants exercised	158,573	21,000,000
5 May 2025 - 30,811,725 fully paid ordinary to Alpha's Founder	180,000	30,811,725
	22,968,720	**414,253,220**

	2024 $	2024 No.
At the beginning of the reporting period	21,796,430	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, net of tax	(48,783)	-
At the ending of the reporting period	**22,630,147**	**362,441,495**

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 18. 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.

	2025 $	2024 $
Foreign currency translation reserve	(43,850)	(4,678)

b) General reserve

The general reserve records equity component of convertible notes issued.

	2025 $	2024 $
General reserve		
Opening balance	42,961	-
Value of conversion rights - convertible notes (note 14)	-	42,961
Total General reserve	**42,961**	**42,961**

(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.

	2025 $	2024 $
Employee Option reserve		
Opening balance	1,924,535	1,736,778
Share based payment expense	325,811	187,757
Total Employee Option reserve	**2,250,346**	**1,924,535**

Note 19. Contracted Commitments

No contracted commitments exist as at 30 June 2025 (30 June 2024: Nil).

Note 20. 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

	Weighted average interest rate		Less than 6 months		6 to 12 months		1 to 5 years		Total	
	2025	2024	2025 $	2024 $	2025 $	2024 $	2025 $	2024 $	2025 $	2024 $
Financial liabilities due for payment										
Trade payables			6,935,210	6,770,455	-	-	-	-	6,935,210	6,770,455
GST payable			188,996	178,888	-	-	-	-	188,996	178,888
Borrowings	12%	15%	2,008,318	84,376	377,068	1,617,188	1,445,428	-	3,830,815	1,701,564
Lease liabilities	8%	N/A	136,030	-	136,030		629,819		901,879	-
			9,268,554	**7,033,719**	**591,690**	**1,617,188**	**2,075,247**	**-**	**11,856,900**	**8,650,907**

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 2025, the maximum exposure to credit risk for trade and other receivables (including contract assets) by geographic region was as follows:

	2025 $	2024 $
United Kingdom	51,562	-
Australia	4,045,034	4,149,601
Total	**4,096,596**	**4,149,601**

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 2025 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	
	2025 $	**2024 $**	**2025 $**	**2024 $**	**2025 $**	**2024 $**
Not overdue	0%	0%	4,136,171	4,069,056	-	-
1-30 days overdue	0%	14.54%	1,084,139	34,623	-	5,035
31-90 days overdue	90%	100%	125,448	45,922	112,707	45,922
			4,136,171	**4,149,601**	**112,707**	**50,957**

	2025 $	2024 $
Opening balance	50,957	127,515
Additional provisions recognised	61,750	22,436
Receivables written off during the year as uncollectible	-	(98,994)
Closing balance	**112,707**	**50,957**

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 $	NZD $	Total AUD $
2025					
Nominal amounts					
Cash and cash equivalents	1,976,250	116,985	402,997	236,372	2,732,604
Trade and other receivables and contract assets	3,166,466	51,562	601,531	277,037	4,096,596
Trade and other payables	(6,211,469)	(46,493)	(318,926)	(547,318)	(7,124,206)
Short-term exposure	**(1,068,753)**	**122,054**	**685,602**	**(33,910)**	**(295,006)**
2024					
Nominal amounts					
Cash and cash equivalents	2,358,678	136,321	953,794	-	3,448,794
Trade and other receivables and contract assets	2,919,745	-	1,178,126	51,730	4,149,601
Trade and other payables	(7,579,503)	(79,848)	(399,272)	(145,388)	(8,204,011)
Short-term exposure	**(2,315,285)**	**56,473**	**1,732,648**	**(93,658)**	**(605,616)**

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.

The +/- percentages have been determined based on the average market volatility in exchange rates in the previous 12 months.

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.

	2025		2024	
GBP	**12%**	**-12%**	**+7 %**	**-7 %**
Net results	28,441	(28,441)	53,162	(53,162)
Equity	(28,441)	28,441	(53,162)	53,162
USD	+14%	-14%	**+10%**	**-10%**
Net results	339,016	(339,016)	204,717	(204,717)
Equity	(339,016)	339,016	(204,717)	204,717
NZD	+4%	-4%	**+10%**	**-10%**
Net results	29,657	(29,657)	7,638	(7,638)
Equity	(29,657)	29,657	(7,638)	7,638

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 21. Tax assets and liabilities

(a) Deferred Tax Assets

	Opening Balance $	Addition due to Alpha acquisition	Charged to Profit or Loss $	Closing Balance $
Deferred tax assets				
Provisions - employee benefits	163,444	61,876	1,618	226,938
Accruals	60,159	-	35,264	95,423
Provisions for Onerous contracts	64,627	-	(33,943)	30,684
Share/convertible notes issued costs	301,598	-	(147,035)	154,563
Convertible Notes	42,294	-	15,788	58,082
Others	1,755	7,315	(925)	8,145
Deferred Tax Liabilities Offset	(57,567)	(376,971)	29,173	(405,365)
Balance at 30 June	**576,310**	**(307,780)**	**(100,060)**	**168,470**

(b) Deferred Tax Liabilities

	Opening Balance $	Addition due to Alpha acquisition	Charged to Profit or Loss $	Closing Balance $
Deferred tax liabilities				
Depreciation	3,420	-	(2,463)	957
Customer Lists	53,577	376,971	(26,140)	404,408
Others	570	-	(570)	-
Deferred Tax Assets Offset	(57,567)	(376,971)	29,173	(405,365)
Balance at 30 June	**-**	**-**	**-**	**-**

(c) Unrecognised deferred tax assets

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

	2025 $	2024 $
Tax losses	4,501,710	4,419,634

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 22. 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:	2025 $	2024 $
Share Options issued to employees	12,584	60,119
Share Appreciation Rights	-	85,513
Performance Rights issued to employees	313,227	42,125
Total Share based payment expense	**325,811**	**187,757**

(a) Employee Options

The Group implemented a Share option plan in June 2020, which was replaced in November 2021 by the Omnibus Incentive Plan (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 2024: nil) Options issued under the Employee Incentive Share Plan (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 2025 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 2025
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
08-Nov-21	08-Nov-24	$0.20	375,000	-	375,000
			22,649,605	**-**	**22,649,605**

The unlisted Options that vested and were exercisable as at 30 June 2025 were as follows:

Grant Date	Expiry Date	Exercise price	Balance at 30 June 2025
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

	2025 Years	2024 Years
Weighted average remaining contractual life of options outstanding at end of period:	5.2	6.3

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**

No options were granted during the financial year ended 30 June 2025.

(b) Performance Rights

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

The Board has determined that the Performance Rights value is $0.01. 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	$0.01
19-Jun-24	Vesting quarterly over four consecutive tranches for each service period	10,333,333	Nil	$0.01
		23,666,665		

Note 23. Key Management Personnel ("KMP") Remuneration

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

	2025 $	2024 $
Short-term employee benefits	691,544	776,805
Post-employment benefits	57,762	58,702
Long-term employment benefits	73,154	66,490
Share-based payments	96,756	107,021
Total KMP Remuneration	**919,216**	**1,009,018**

Note 24. Auditors' Remuneration

	2025 $	2024 $
Remuneration of the auditor, RSM Australia Partners (2024: BDO Audit Pty Ltd), for:		
– audit and review of financial statements	110,500	132,080
Remuneration for other services, RSM Australia Partners (2024: BDO Audit Pty Ltd), for:		
– taxation compliance services	47,650	44,750
Total	**158,150**	**176,830**

Note 25. Loss per Share

	2025 $	2024 $
Loss after income tax	(1,356,955)	(6,761,181)
	Number	**Number**
Weighted average number of Ordinary Shares used in calculating basic losses per Share	369,843,170	309,743,870
Weighted average number of Ordinary Shares used in calculating diluted losses per Share	369,843,170	309,743,870
	Cents	**Cents**
Basic losses per Share	(0.37)	(2.18)
Diluted losses per Share	(0.37)	(2.18)

Share Options are considered to be potential Ordinary Shares but were anti-dilutive in nature for the 30 June 2025 (22,649,605) and 30 June 2024 (22,649,605) 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 26. Interests in subsidiaries

Composition of the Group

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

Name	Principal place of business / Country of incorporation	Ownership interest 2025 %	Ownership interest 2024 %
Maverick Data Group Pty Ltd	Australia	100.00%	100.00%
Datisan Pty Ltd	Australia	100.00%	100.00%
Wondaris Pty Ltd	Australia	100.00%	100.00%
Alpha Digital Design Consultants (Aust) Pty Ltd	Australia	100.00%	0%
XPON Technologies Limited	United Kingdom	100.00%	100.00%
The Representative Office of XPON Technologies Group Limited in Hanoi City	Vietnam	100.00%	100.00%

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

Note 27. Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2025 (30 June 2024: None).

Note 28. 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 23.

Subsidiaries - refer to note 26.

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:

	2025 $	2024 $
KMP related parties		
Remuneration of Belinda Forman – a family member of a Key Management Personnel	164,061	108,884
Consulting fees to a related entity controlled by a Key Management Personnel	67,000	-
	231,061	**108,884**

Note 29. Cash Flow Information

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

	2025 $	2024 $
Loss after income tax benefit for the year	(1,356,955)	(6,761,181)
Adjustments for:		
Depreciation and amortisation	162,982	199,828
Share-based payments	325,811	187,757
Loss on disposals of subsidiaries	-	2,925,616
Changes in fair value of financial liabilities	(374,127)	(37,400)
Finance costs (net)	685,283	198,358
Change in operating assets and liabilities:		
Decrease in trade and other receivables	954,872	405,255
Decrease in deferred tax assets	100,060	93,901
Decrease in trade and other payables	(1,968,884)	(619,163)
(Decrease)/increase in other provisions	(178,893)	258,509
(Decrease)/increase in other liabilities	(11,485)	710,904
Net cash used in operating activities	**(1,661,336)**	**(2,437,616)**

Notes to the financial statements (continued)

b) Net debt reconciliation

	Borrowings	Leases	Convertibles Notes			Total
			Equity	Derivative financial Liabilities - Warrants	Borrowings - Host debt liability	
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)**
Addition due to the acquisition of Alpha	(2,005,485)					(2,005,485)
Addition liabilities		(852,379)				(852,379)
Financing cash outflows	23,887	34,092				57,979
Convertible Notes warrents exercised	-			54,306		54,306
Interest expenses	-	(11,252)			(946,172)	(957,424)
Interest payments (presented as operating cash flows)	-	11,252			182,810	194,062
Changes in fair value of financial liabilities	-				374,127	374,127
Net debt as at 30 June 2025	**(1,981,598)**	**(818,287)**	**(42,961)**	**(3,879)**	**(1,433,976)**	**(4,280,701)**

Note 30. Events Occurring After the Reporting Date

The Company has redeemed the convertible notes maturing on 26 August 2025, with a payment of $1.575 million, plus any unpaid interest from its existing cash reserves.

On 1 September 2025, the Company will issue 46,875,000 ordinary shares to a group of sophisticated, professional, or experienced investors. The issuance will be completed for a total consideration of $375,000, that is expected to settle on 29 August. This transaction was conducted in accordance with applicable ASX regulations and is expected to assist the Company's working capital position.

A new loan of $420,000 has been secured on 26 August over 6 months with a monthly repayment. The payment has been received by XPON.

No other matters or circumstance has arisen since 30 June 2025 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 31. 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.

	2025 $	2024 $
Statement of Financial Position		
Assets		
Current assets	2,465,954	3,490,208
Non-current assets	3,681,485	1,443,753
Total Assets	**6,147,439**	**4,933,961**
Liabilities		
Current liabilities	2,349,959	1,497,556
Non-current liabilities	1,795,596	37,499
	4,145,555	**1,535,055**
Equity		
Issued capital	22,968,720	22,630,147
Accumulated losses	(23,008,122)	(21,198,736)
Reserves	2,041,286	1,967,495
Total deficit	**2,001,884**	**3,398,906**
Statement of Profit or Loss and Other Comprehensive Income		
Total loss for the year	**(1,809,386)**	**(3,777,097)**

Investments in subsidiaries

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

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2025 or 30 June 2024.

Note 32. 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 33. Statutory Information

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

XPON Technologies Group Limited
Office 02 -115/310 Edward St,
Brisbane City, QLD, 4000

Consolidated entity disclosure statement

30 June 2025

Name of entity	Type of entity	% 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	no
Maverick Data Group Pty Ltd	Body corporate	100%	Australia	Australian	no
Datisan Pty Ltd	Body corporate	100%	Australia	Australian	no
Wondaris Pty Ltd	Body corporate	100%	Australia	Australian	no
XPON Technologies Limited	Body corporate	100%	United Kingdom	Foreign	United Kingdom
Alpha Digital Design Consultants (Aust) Pty Ltd	Body corporate	100%	Australia	Australian	no
The Representative Office of XPON Technologies Group Limited in Hanoi City [1]	n/a	n/a	n/a	n/a	no

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.

Directors' declaration

30 June 2025

The Directors of the Company declare that:

1. The financial statements and notes for the year ended 30 June 2025 are in accordance with the Corporations Act 2001 and:

   - comply with Accounting Standards, which, as stated in basis of preparation Note 2 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 2025

Independent Auditor's report

to the members of XPON Technologies Group Limited and Controlled Entities

RSM

RSM Australia Partners

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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 controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2025, 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 statements, 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 2025 and of its financial performance for the year then ended; 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 auditor independence requirements of 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 3 in the financial report, which indicates that the Group incurred a net loss of $1,356,955 and had cash outflows from operating activities of $1,661,336 during the year ended 30 June 2025 and, as of that date, the Group's current liabilities exceeded its total current assets by $4,932,835 and has net liabilities of $2,648,129. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

RSM

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.

Key Audit Matter	How our audit addressed this matter
Revenue recognition Refer to Note 6 in the financial statements	
Revenue recognition was considered a key audit matter due to the complexity of the Group's customer contracts and the significant management judgement involved in determining the appropriate timing and amount of revenue to recognised. The Group generates revenue from multiple streams, with revenue recognised either over time or at a point in time depending on the nature of the performance obligations satisfied. The variability in contract terms, including milestone-based payments, bundled deliverables, and differing payment schedules, increases the risk that revenue may not be recognised in the correct accounting period. These complexities also raise the potential for contract liabilities to be misstated. Given these factors, there is a heightened risk that revenue may not be recognised in accordance with AASB 15 *Revenue from Contracts with Customers.*	Our audit procedures in relation to the recognition of revenue included: • Obtaining an understanding of the Group's revenue recognition policies and evaluating their appropriateness against the requirements of AASB 15; • Evaluating the operating effectiveness of management's controls related to revenue recognition; • For a sample of revenue transactions, substantiating transactions by agreeing to supporting documentation, including customer contracts and ensuring they are accounted for in line with the revenue recognition policy; and • Reviewing whether the disclosures made in the financial statements are in accordance with AASB 15.
Impairment of Goodwill Refer to Note 12 in the financial statements	
As at 30 June 2025, the Group had goodwill with a carrying value of $2.1 million. As required under AASB136 *Impairment of Assets*, management have tested goodwill for impairment. As goodwill does not generate cashflows that are largely independent from other assets, its recoverable amount was determined by calculating the recoverable amount of the cash generating unit ("CGU") to which it belongs. This recoverable amount was then compared to the CGU's carrying amount. In this instance, the recoverable amount was determined to be its value in use. We determined the impairment review of goodwill to be a key audit matter because of the materiality of the goodwill balance, and because of the significant management judgments and assumptions used to determine the value in use of the CGU which contains it. Namely, the calculation of the recoverable amount of the CGU involves judgements about the future underlying cashflows of the CGU, estimated growth rates for the next 5 years as well as in perpetuity, and judgements of an appropriate discount rate to apply to the estimated cashflows.	Our audit procedures in relation to the impairment of goodwill included: • Assessing the reasonableness of management's determination that goodwill is allocated to one CGU based on the business as a whole; • Assessing the overall valuation methodology used to determine the value in use; • Checking the mathematical accuracy of the discounted cash flow model and reconciling input data to supporting evidence; and • Reviewing the accuracy of disclosures of critical estimates and assumptions in the financial statements in relation to the valuation methodologies.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed this matter
Business Combinations Refer to Note 5 in the financial statements	
On 6 May 2025, the Group acquired 100% of the ordinary shares of Alpha Digital Design Consultants (Aust) Pty Ltd. The total consideration of $2.6 million comprised $0.18 million in ordinary shares issued by the Company, a vendor loan of $2.0 million and contingent consideration of $0.41 million. As at 30 June 2025, identifiable intangible assets of $1.5 million have been recognised, and the accounting for goodwill remains provisional. This transaction was considered a key audit matter due to the complexity and significant judgement involved in applying the requirements of AASB 3 *Business Combinations*. Key areas of judgement included the valuation of consideration transferred, particularly the contingent consideration, and the identification and measurement of intangible assets acquired.	Our audit procedures included: • Reviewing share purchase agreements and other associated documents to understand the nature of the transaction to ensure the accounting is reflective of the terms of the agreement; • Assessing the accounting treatment and acquisition accounting is in line with AASB 3; • Reviewing the reasonableness of the valuation of contingent consideration, including assessing the forecasts used for determining the contingent consideration; • Assessing the accuracy and completeness of the fair values of the identified assets and liabilities; and • Reviewing the completeness and accuracy of the relevant disclosures made in the financial statements.
Convertible Notes Refer to Note 14 in the financial statements	
The Group issued 45,000,000 convertible notes for $1.125 million during the year ended 30 June 2024 with an original maturity date of August 2025. During the current financial year, a six-month extension was applied, extending the maturity date to 26 August 2025 as well as increasing the interest rate from 15% to 20% from that date. There is a risk that the accounting treatment of the convertible notes, including the modification, may not comply with AASB 9 *Financial Instruments.* Due to the inherent complexity and judgement involved in assessing debt/equity classification and accounting for modifications, this is considered a key audit matter.	Our audit procedures in relation to the convertible notes included: • Reviewing the changes in the terms and conditions of the contract extension of the convertible note; • Evaluating the Group's valuation workings related to the convertible note modification, including reperforming the client's model to ensure accuracy; • Reviewing the accounting impact of the modification to ensure compliance with AASB 9; and • Reviewing the disclosures made in the financial statements is in accordance with the accounting standards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2025, 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 accordingly 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 (other than the consolidated entity disclosure statement) 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 (other than the consolidated entity disclosure statement) 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 have 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/media/bwvjcgre/ar1_2024.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 the directors' report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of XPON Technologies Group Limited, for the year ended 30 June 2025, complies with section 300A of the Corporations Act 2001.

RSM

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.

RSM

RSM AUSTRALIA PARTNERS

A L Whittingham

A L WHITTINGHAM
Partner

Dated: 27 August 2025
Melbourne, Victoria

Shareholder information

The shareholder information set out below was applicable as at 6 August 2025.

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

Ordinary Shareholders

Twenty largest quoted ordinary shareholders

No	Account Name	Units	% Units
1	BLACK OAK VENTURES PTY LTD <MABL FAMILY A/C >	104,954,986	25%
2	COOPERS SHIELD PTY LTD	30,811,725	7%
3	MR BENJAMIN PATRICK FOGARTY	22,235,224	7%
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,186,598	3%
5	FINCLEAR SERVICES PTY LTD <SUPERHERO SECURITIES A/C>	10,627,469	3%
6	DMX CAPITAL PARTNERS LIMITED	10,000,000	2%
7	BLACK OAK SUPER PTY LTD <BLACK OAK SUPER FUND A/C>	8,766,666	2%
8	ISTABRAQ PTY LIMITED <KATMAI INVESTMENTS A/C>	8,224,670	2%
9	MR GREGORY PETER WILSON	7,000,000	2%
10	S & K GREEN INVESTMENTS PTY LTD <S & K GREEN INVESTMENT A/C>	5,000,000	1%
11	MARCUS WINTON CALLON <CALLON FAMILY A/C>	4,409,270	1%
12	ROSE ROBERT PTY LTD <ROWAN FAMILY A/C>	4,311,495	1%
13	GLOBEX NUCLEAR PTY LTD	4,139,206	1%
14	MR HIREN SHANTILAL PATEL	4,004,166	1%
15	BT PORTFOLIO SERVICES LTD <LUCTON SUPER FUND A/C>	3,948,835	1%
16	SANDHURST TRUSTEES LTD <CYAN C3G FUND A/C>	3,500,000	1%
17	BEAUVAIS CAPITAL PTY LTD <THE REGINALD HECTOR A/C>	3,419,189	1%
18	COOL HAND INVESTMENTS PTY LTD <FORMAN FAMILY A/C>	3,383,333	1%
19	HR PIGLET ASSETS PTY LTD <HR PIGLET SUPERFUND A/C>	3,333,333	1%
20	CHRISTOPHER MICHAEL ROZIC <ROZIC FAMILY A/C>	3,156,725	1%
	Total: Top 20 holders of ordinary fully paid shares	**259,412,890**	**63%**
	Total Issued Capital	**414,253,220**	**100%**

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	9	1,944	0.00%
1,001 to 5,000	43	149,445	0.04%
5,001 to 10,000	67	601,864	0.15%
10,001 to 100,000	318	16,407,939	3.96%
100,001 and over	239	366,280,303	95.86%
	676	**414,253,220**	**100.00%**

Marketable Parcel

	Minimum Parcel Size	Total Holders	Units
Holding less than a marketable parcel (basis price of $0.008) as at 6 August 2025	62,500	328	8,120,902

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	30,990,274	100.00%
	19	**30,990,274**	**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	5	31,233,331	100.00%
	5	**31,233,331**	**100.00%**

Performance Rights were issued under the Employee Incentives Securities Plan on 27 June 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	1	1,500,000	100.00%
	1	**1,500,000**	**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	Vamos Trading Pty Ltd	750,000	100%
	Mr Matthew Regos & Mrs Silvia Regos	750,000	100%

Shareholder information (continued)

	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	HSBC Custody Nominees (Australia) Limited	10,000,000	22.22%

Substantial Holders

As at 2 July 2025, 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
COOPERS SHIELD PTY LTD	30,811,725	5 May 2025
Benjamin Patrick Fogarty	22,235,224	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.

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 2025.

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 September2025.

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

Matt Forman – Managing Director

Mark Simari – Non-Executive Chairman

James Olsen – Non-Executive Director

Secretary

Hasaka Martin
Singleton Co Sec

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

RSM Australia Partners
Level 27, 120 Collins Street
Melbourne VIC 3000 Australia

www.rsm.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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