

Delivering on a promise



FY23 Q1 Trading update - summary

7 November 2022

ASX Code: X2M

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FY23, Q1 Revenue: \$3.8m¹,
up 137% on pcp



Connected devices: 292,806
up 92% on pcp



Enterprise/government
customers: 52, up 41% on pcp



23 contracts in place worth
approximately \$12.5m in
revenues to be recognised in
FY23








South Korean customer base
now represents approx. 47%
of Country TAM and
penetration is growing



Australian energy
management market entry
timely

Key take outs from Q1 results announcement

-  Top line revenue and customer acquisition performance is strong and new contract wins to date expected to deliver a solid FY23
-  Growing base of connected devices expected to deliver growth in SaaS and other recurring revenues
-  Current customers addressable market is growing as is the penetration into these customers
-  Inventories, stock prepayments and R&D rebate supports cash reserves
-  All key markets performing well and Australian energy market entry most timely



The Investment Thesis



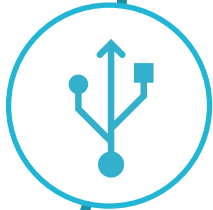
Significant and growing addressable market

Existing customer base provides an immediate addressable market to harvest within utility digitisation and energy management in APAC



Attractive business model

Comprising upfront fees and recurring subscription revenues. Highly scalable with modest cost growth



Leading edge technology

A proprietary platform secured with a strong patent portfolio across 15 countries



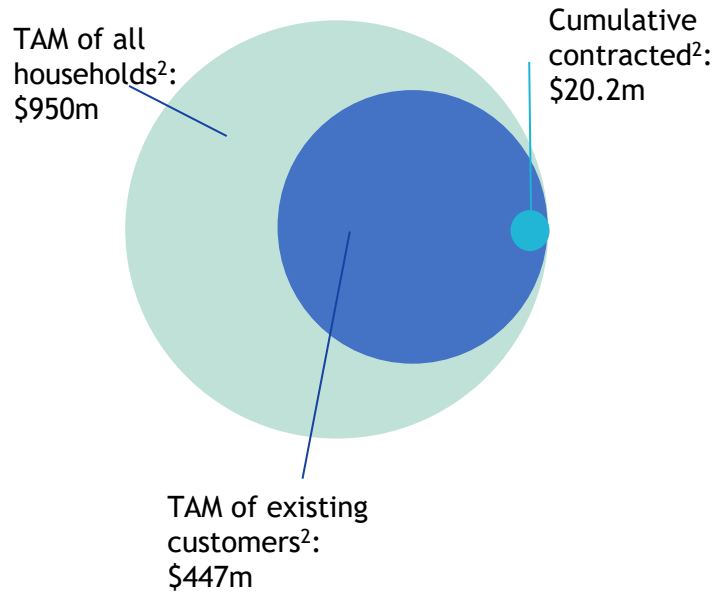
Proven performance

X2M's management team is delivering consistent performance

Contracted customers deliver a large addressable market

Total addressable market is huge. The X2M existing customer base represents a substantial opportunity

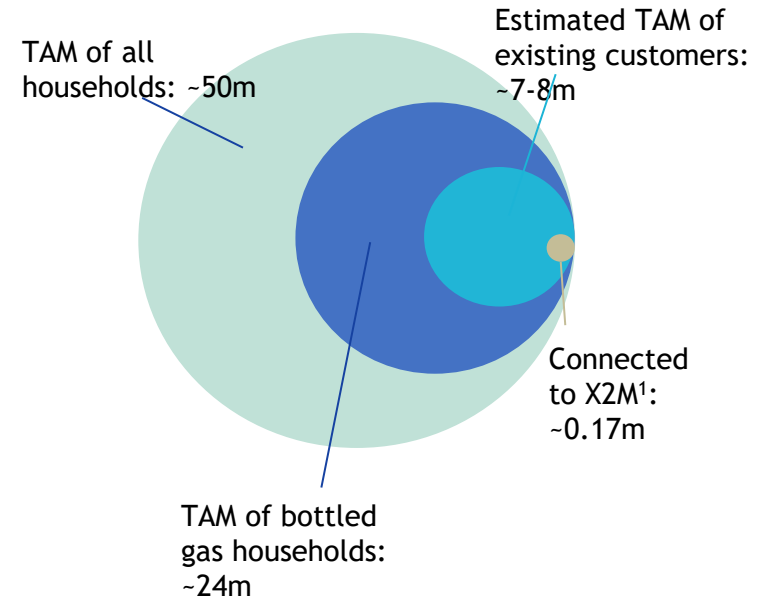
South Korea market



Existing customers provide a substantial potential market that is being progressively penetrated

- Total addressable market (TAM) 7.9m households, \$950m in potential value²
- Existing customer TAM - 3.8m households, \$447m in potential value²

Japan



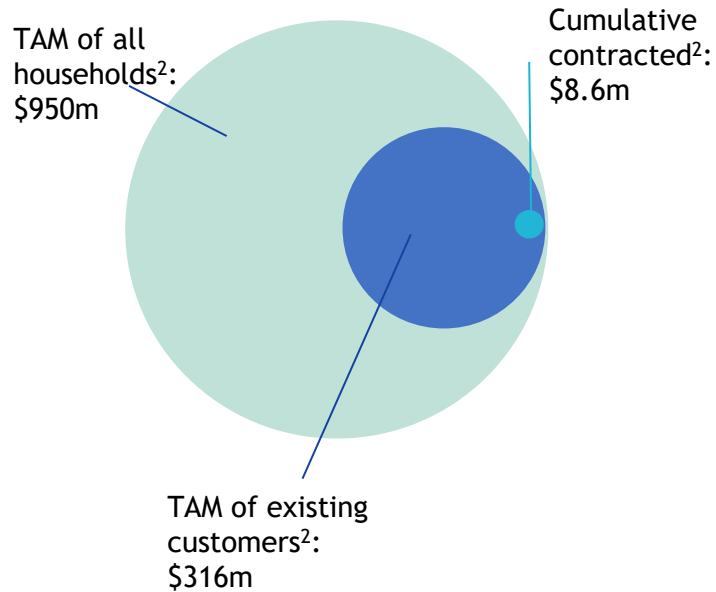
Connected devices in Japan have grown ~92% during last 12 months

- Approximately 50% of households in Japan use bottled gas
- There is significant potential to grow through existing customers

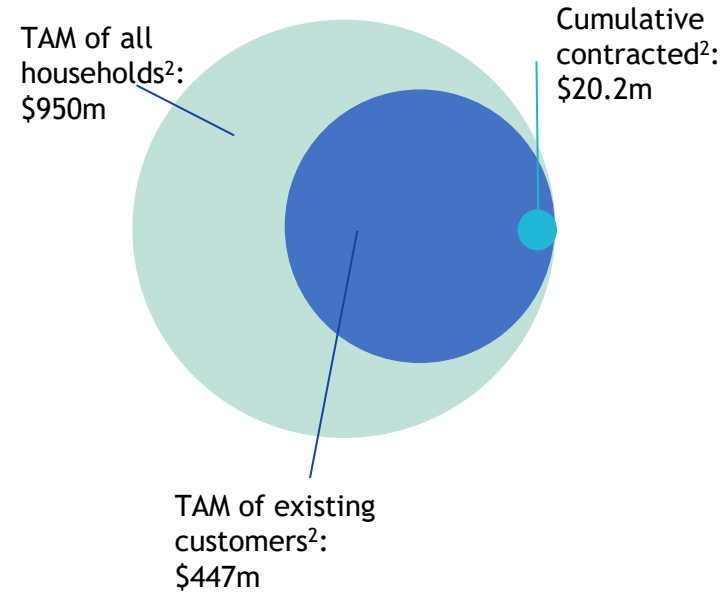
Korea best articulates strategy outcomes

Total addressable market and penetration increasing as X2M gets embedded into customer eco systems

South Korea market – Sep 2021



South Korea market – Sep 2022



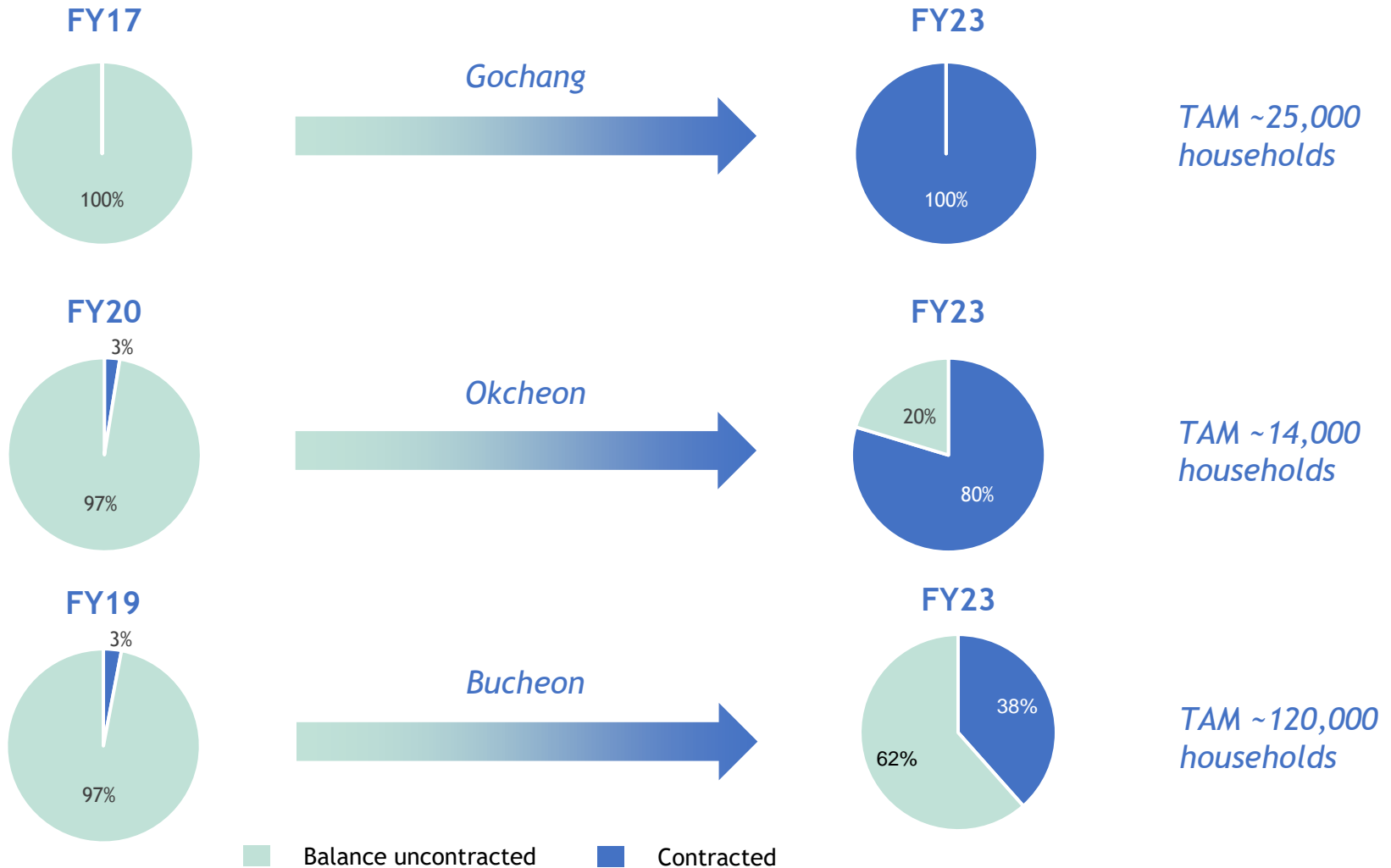
Over the last twelve months, in South Korea, the TAM of X2M's existing customers has increased from \$A316 million to \$A447 million. This represents an increase from 33% to 47% of the total South Korean country market. Penetration of the customers' TAM, on average, has increased from 2.7% to 4.5 %.

1. Data as at 30 September 2022.
2. South Korea total addressable market (TAM) and contracted values are based on Year 1 revenues of A\$120 per device.

Validated strategic business model - increasing share of TAM



The X2M strategy of securing customers and pursuing conversion of each customer's available market is working and reflects the stickiness of the X2M business model

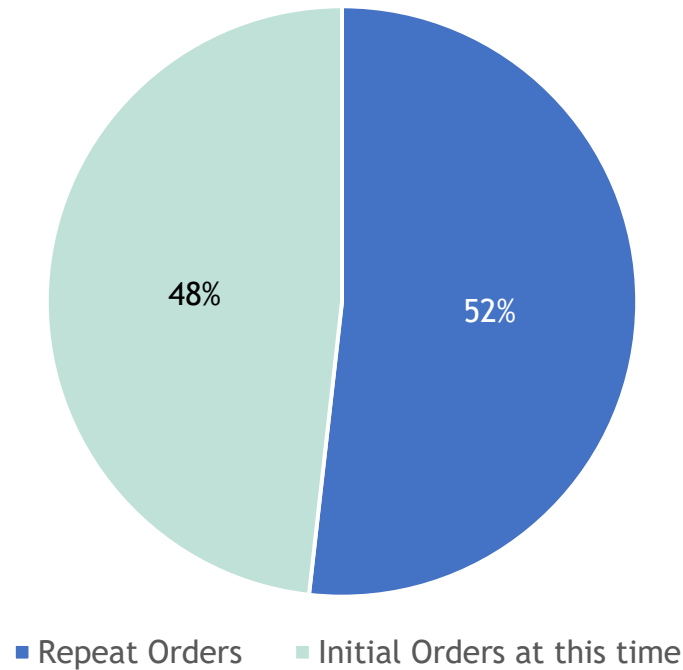


1. All charts as at 30 September 2022.
 2. TAM - total addressable market

High percentage of repeat customers

The X2M strategy of securing customers and pursuing repeat orders from those customers is working and reflects the stickiness of the X2M business model

Customer Stickiness

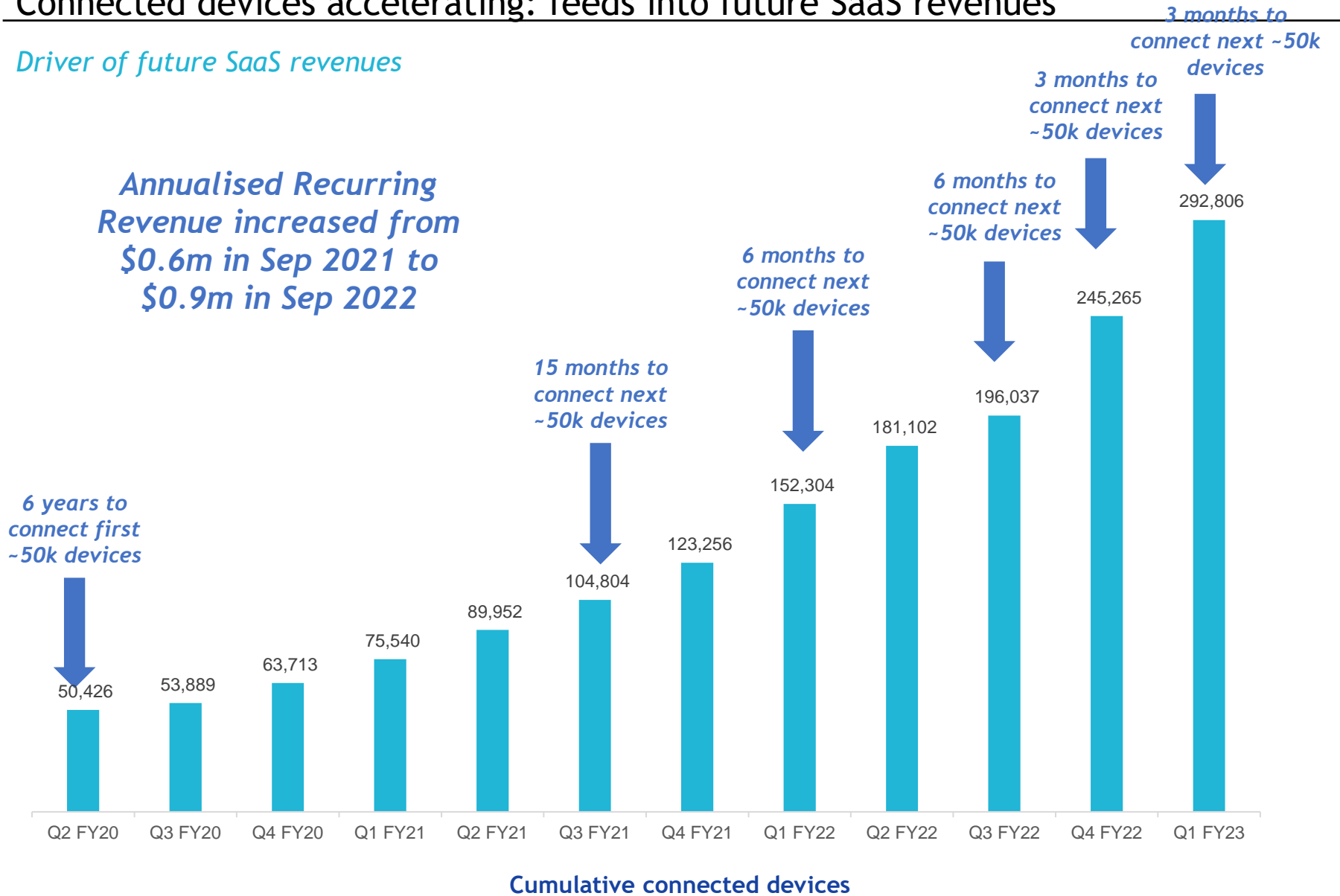


More than half of X2M customers have placed repeat orders. Considering 41% of customer have been added in the last 12 months, this is an excellent result

Connected devices accelerating: feeds into future SaaS revenues

Driver of future SaaS revenues

Annualised Recurring Revenue increased from \$0.6m in Sep 2021 to \$0.9m in Sep 2022

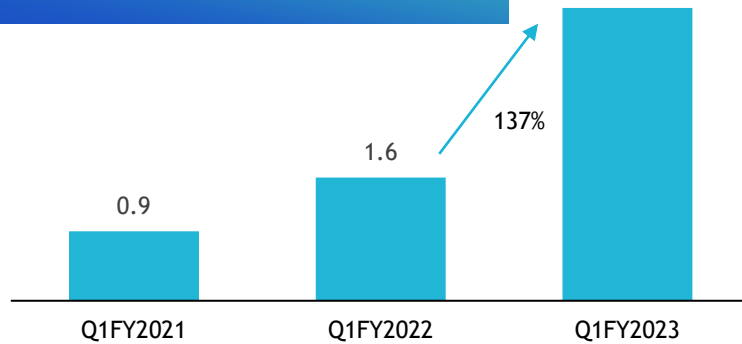


1. Q2 FY20 data is from periods when X2M subsidiaries were operated by a prior owner

X2M Story - consistency of performance

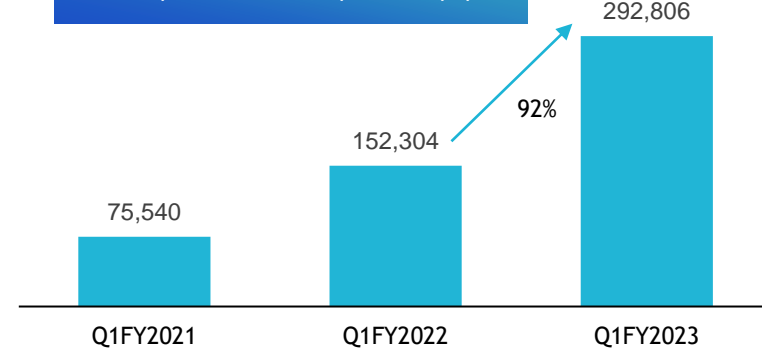
Revenue (\$A millions)

Q1FY23 revenue of \$3.8m, up 137% on pcp



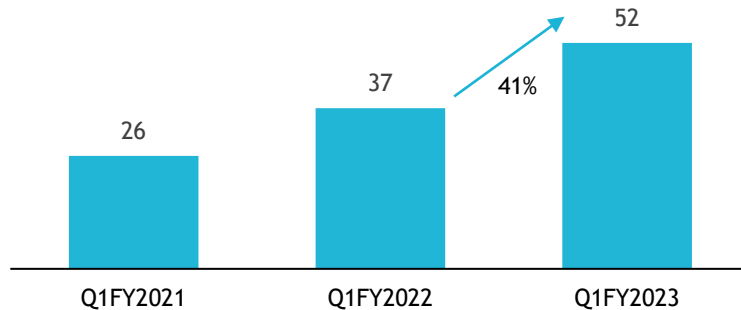
Connected devices

Connected devices totaled 292,806 at 30 September 2022, up 92% on pcp



Enterprise and government customers

Enterprise and government customers rose by 15 to 52 by 30 September 2022, up 41% on pcp



Retained all customers



What we do - digitising
utilities in APAC. A market
ready to be tapped

Currently servicing 32 municipalities for water monitoring and control in South Korea

Capturing new government municipalities and repeat orders from existing customers through provision of improved:

- Billing and process automation
- Data analytics and customer profiling
- Leak detection and waste reduction
- Water quality management and public safety
- Improved service provision
- Infrastructure management



More than 110,000 households monitored and controlled and 40,000 currently being deployed at September 2022

Total Addressable Market >\$900m. TAM of contracted customers >\$400m.

From reactive to proactive, driven by data collection and analysis

Growth in the Japanese market driven by licensing to customers monitoring gas bottles:

- centralised platform acting as point of coordination to remotely monitor usage and gas bottle replacement prediction
- enterprise productivity improvement through data analytics and improved logistics management
- Customer services enhancement through pre-emptive customer management



More than 180,000 households monitored and controlled as at September 2022

Estimated 24m households in Japan are on bottled gas



Normal Community

Individual homes with no energy or resource optimising features

Higher cost utility bills

High emissions

Contributing to climate problems

Smart Homes

Individual homes with some energy and resource optimising features

Reduced cost utility bills

Lower emissions

A feeling of helping combat climate change

Good

Smart Community

Coordinated homes with in home and community wide energy and resource optimising features

Significantly reduced cost utility bills

Significantly reduced emissions

Community spirit and wellbeing in an ecofriendly and sustainable environment

Better

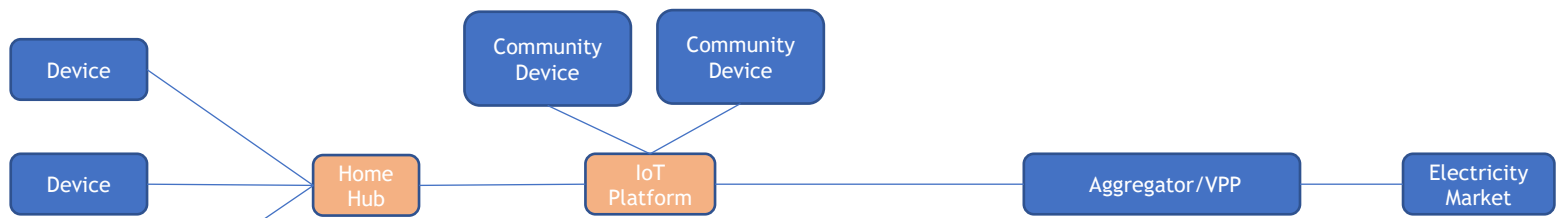
Smart communities - Australia

Smart community with large number of smart homes plus community resources all working cohesively



Consumer enjoys a sustainable, eco-friendly, environment and community

- ↓ Significantly reduced energy consumption
- ↑ Significantly increased use of renewables
- ↓ Significantly reduced emissions

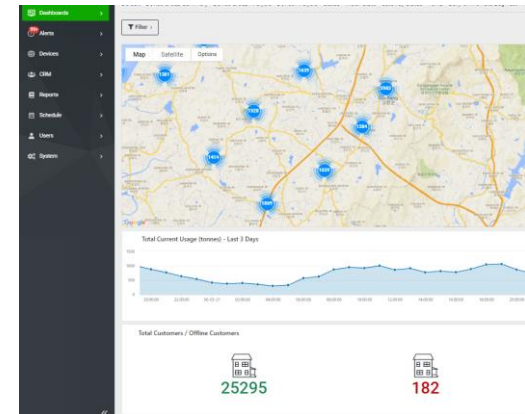


Monitor and control distributed energy resources (DER) devices from Hub. Homeowner has a mobile and desktop user interface

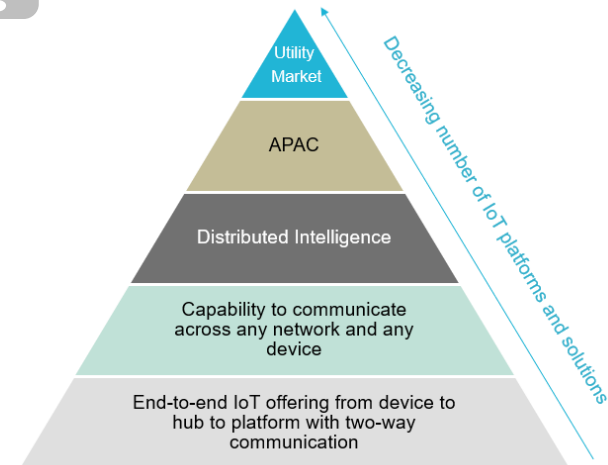
Control multiple home Hubs and community resources from the central platform and interface to aggregator and Virtual Power Plant (VPP) partners

Partners operate the whole community network, VPP and trade energy in the electricity market

- **Leading edge patented platform**
 - making dumb devices smart
 - distributed intelligence autonomously monitors and controls devices
 - IoT platform provides visibility, control, aggregation, predictive and pre-emptive device management
- **Many devices, radios, networks** - operating simultaneously across short range, long range, cellular, unlicensed communications and radio networks
- **Extensive patent portfolio** - 60 patents with 5 additional applications pending
- **Competitive advantage** - few competitors with the same capabilities



WiSUN | NB-IoT | ZigBee | LoRa





Announcements reflect
momentum

Summary of contract announcements since September listing



Q2 FY22

- K Water \$1.49 million tender won
- K Water \$2.6 million tender won
- China contract \$0.7 million

Q3 FY22

- Gochang extension - \$1.03 million
- China contracts \$1.0 million
- South Korea \$0.85 million tender wins

Q4 FY22

- X2M enters energy management market
- \$1.12 million wins in China and Taiwan
- \$2m contract wins in China and South Korea
- Repeat order of \$0.6 million from Okcheon, South Korea

Q1 FY23

- South Korea order of \$1.6 million from Bucheon
- Five new customers in South Korea for \$1.25 million
- \$1.13 million contract from Yeosu, South Korea

Over \$15 million in secured contracts since listing in September 2021



FY22 Financials

(\$'m)	FY22	FY21	Change
Revenue	10.4	5.7	82%
Cost of Sales	(8.1)	(4.1)	98%
Gross Profit	2.3	1.6	44%
Overheads ¹	(8.4)	(6.0)	40%
Adjusted EBITDA ¹	(6.1)	(4.4)	39%
Depreciation and Amortisation	(0.9)	(1.2)	-25%
Other	(0.1)	0.1	-200%
Share-based Payments	(2.2)	(2.1)	5%
IPO Expenses	(0.9)	(0.7)	29%
Loss after Income Tax	(10.2)	(8.3)	23%

The company strategy is securing customers and pursuing a land grab to drive revenue growth now and into the future






- Revenue up 82%
- Overheads up 40%
- Gross profit up 44%

Gross profit percentage of revenue down due to low margin sales in China entry

1. The balances are adjusted for non cash amounts and IPO expenses not expected to occur in the future



Summary

-  Strategy is delivering - revenue momentum to continue with \$12.5m already contracted for deployment in FY23 which is ahead of FY22 full year revenues of \$10.4m and additional contracts are expected in FY23
-  Revenue, customer numbers and connected devices to deliver strong growth in 2023
-  SaaS and other recurring revenues feature as connected devices grow
-  Repeat orders from existing customers to feature strongly further penetrating existing customers' addressable markets
-  First energy management sales expected to be completed in Australia




X2M CONNECT


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