

Delivering on our promise

FY23 first half results



28 February 2023

ASX Code: X2M

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1H23 Performance at a glance



Revenue: \$9.0m,
up 96% on the pcp



Gross margin: \$2.2m,
up 135% on the pcp



Adjusted EBITDA loss: \$2.1m,
30% improvement on the pcp



Annual Recurring Revenues:
SaaS and maintenance
recurring revenues increase
65% on pcp



Connected devices: 361,345
up 100% on the pcp and 69k
on last qtr



Enterprise/government
customers: 58, up 38% on pcp
delivering a larger
addressable market

-  Top line revenue and customer acquisition performance delivers the sixth consecutive quarter of strong growth
-  Gross margin growth of 135%, from revenue growth of 96%, with opex growth controlled to 14%, resulting in an improvement to adjusted EBITDA of 30%
-  Q2 delivered a record performance of connected devices which in turn drives future SaaS revenues
-  Current customers' addressable market is growing as is the penetration into these customers' markets
-  Land and expand strategy is working



FY23 first half results

1H23 financial results

(\$ million)	1H23	1H22	Change
Revenue	9.0	4.6	96%
Cost of Sales	(6.8)	(3.7)	86%
Gross Profit	2.2	0.9	135%
Other income	0.4	0.2	110%
Overheads ¹	(4.9)	(4.3)	14%
Adjusted EBITDA ¹	(2.1)	(3.0)	-30%
Depreciation and Amortisation	(0.5)	(0.6)	-17%
Share-based Payments	(0.2)	(1.9)	-89%
IPO Expenses	-	(0.9)	-100%
Loss after Income Tax	(2.9)	(6.5)	-55%

A highly scalable business with modest cost growth

- *Revenue up 96%*
- *Gross profit up 135%*
- *Overheads up 14%*
- *Loss after income tax 55% lower*

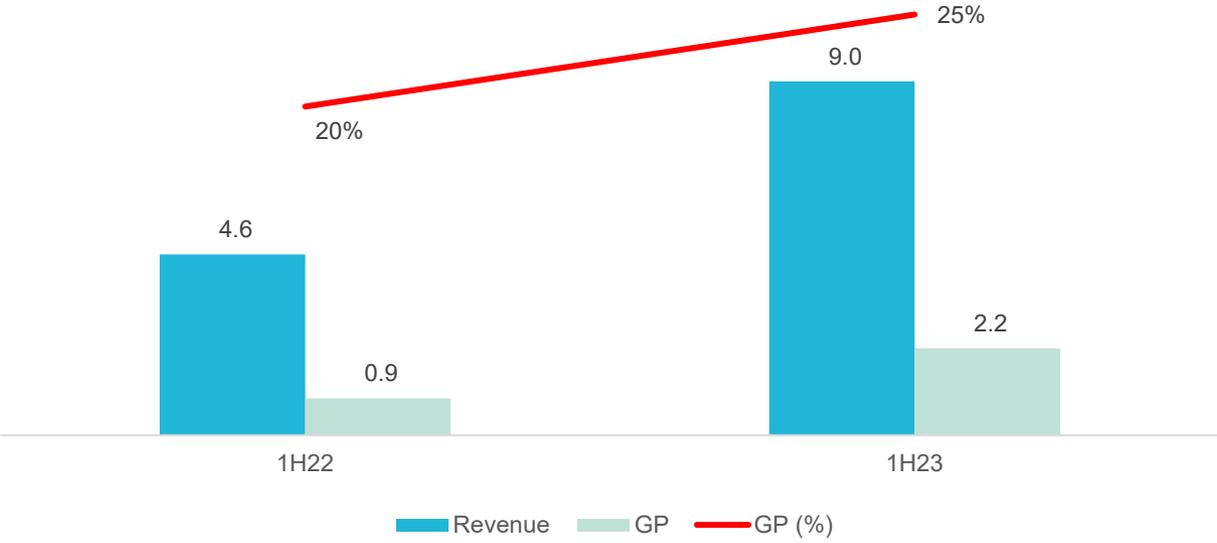
1. The balances are adjusted for non cash amounts and IPO expenses not expected to occur in the future

Strong growth in revenue and gross profit



Revenue growth of 96% and gross profit growth of 135% mainly attributable to better margin performance in South Korea and China.

Revenue and Gross Profit (\$ million)

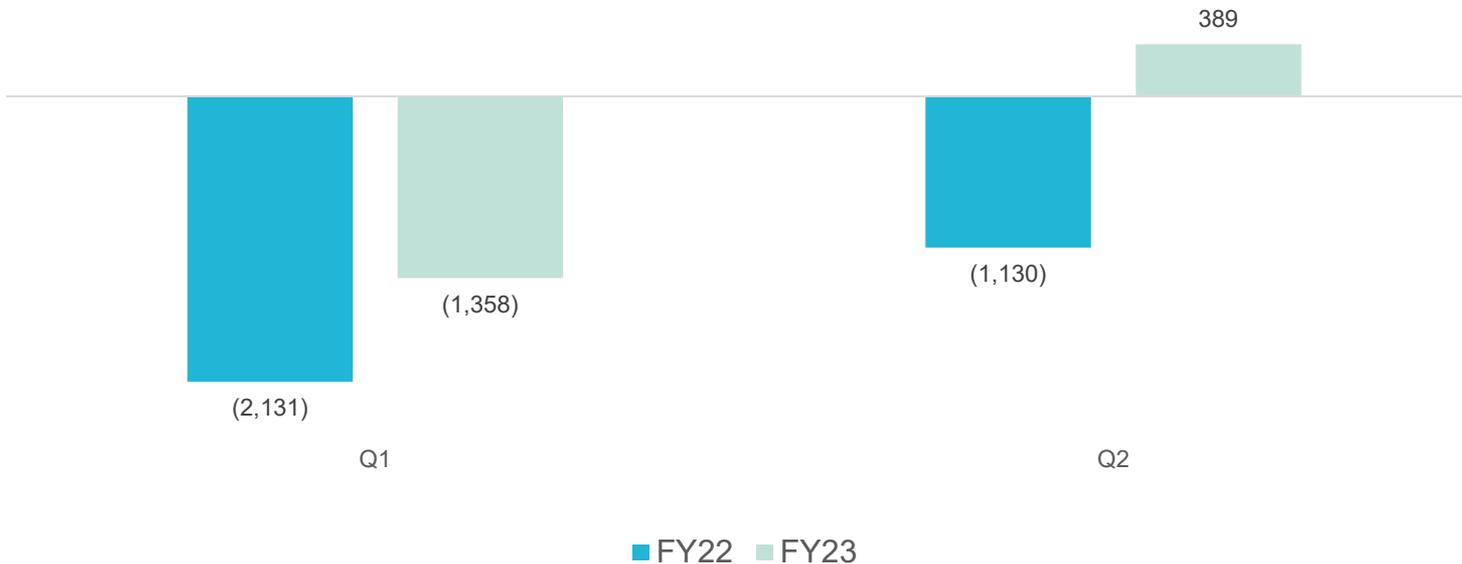


1H operating cash burn improved on the pcp

1H23 cash burn of \$0.97m is an improvement from \$3.26m in 1H22

X2M reported a positive operating cash flow for 2Q23 (Appendix 4C). In part this reflected seasonal factors that traditionally deliver a stronger Q2.

Quarterly Operating Cashflow per Appendix 4Cs (\$'000)



Significant growth in revenue and gross margin with controlled overhead growth are driving a reduction in losses



Connected devices accelerating: feeds into future SaaS revenues



Driver of future SaaS revenues

Annualised Recurring Revenue increased from \$0.7m in Dec 2021 to \$1.1m in Dec 2022



Cumulative connected devices

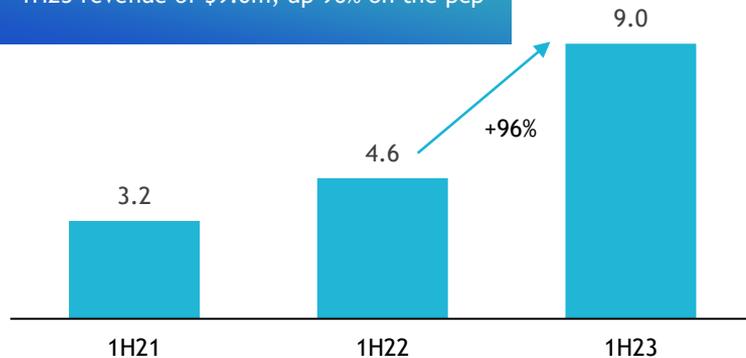
1. Q2 FY20 data is from periods when X2M subsidiaries were operated by a prior owner

X2M Story - consistency of performance



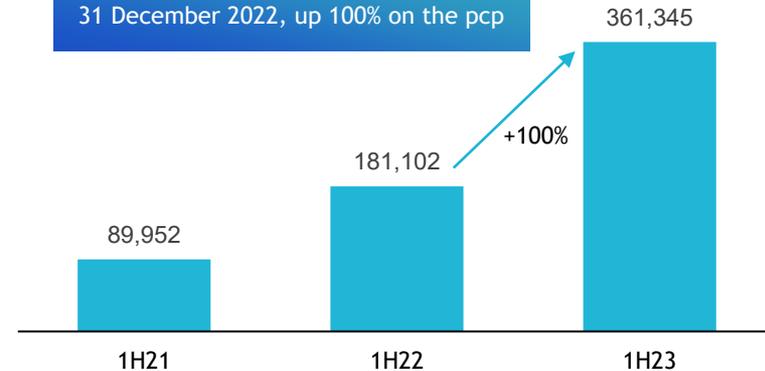
Revenue (\$ millions)

1H23 revenue of \$9.0m, up 96% on the pcp



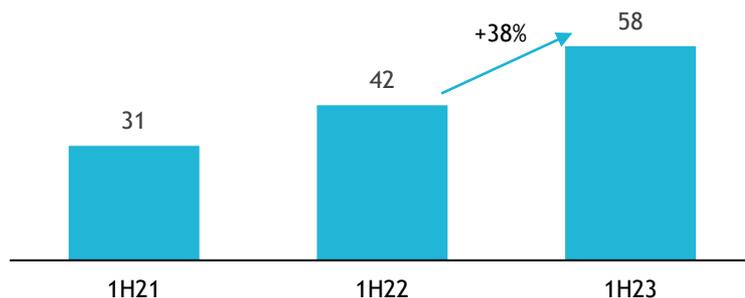
Connected devices

Connected devices totaled 361,345 at 31 December 2022, up 100% on the pcp



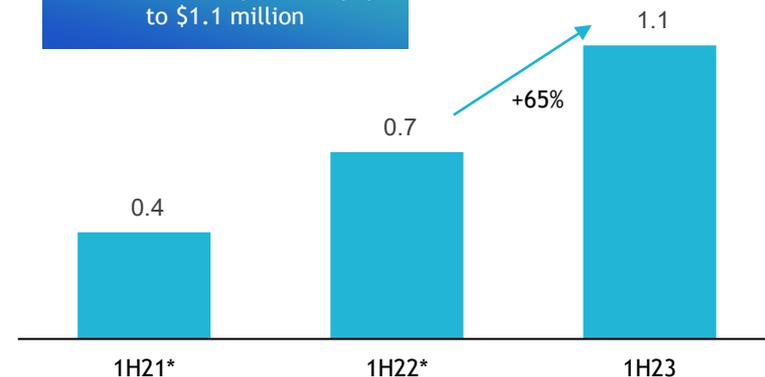
Enterprise and government customers

Enterprise and government customers rose by 16 to 58 by 31 December 2022, up 38% on the pcp



Annualised recurring revenue* (ARR, \$ millions)

ARR increases by 65% on pcp to \$1.1 million



*ARR is annualised SaaS and maintenance revenues and excludes Gochang hardware subscriptions in 1H21 & 1H22

All markets have made good progress

South Korea

- 33 Municipalities now connected to platform - 49% of total addressable market
- Device numbers passed the 150k milestone
- Smart Water Management budget support by government to boost should demand
- Korean Water Corporation takes the lead on overall water management, where X2M has secured almost half of K Water projects

China and Taiwan

- Signed a two-year Gas AMR deal with Far EastOne for gas companies - Great Tainan & ShinPing.
- Electronic Testing Centre's EMS platform expanded to include Electricity, Gas and Water meters in Taiwan
- CCU contract in Taiwan extends water solution from meter monitoring to the broader water eco system
- China delivered 2 water contracts for 28K meters

Japan

- We continues to add new LPG resellers onto platform
- Increased connected device count by 102,941 over the last 12 months, 106% increase
- Completed API integration with major LP-Gas company's operational support system. This integration will potentially lead to another 100,000 households to our IoT platform.

Australia

- Continued to shape the arrangements for Echuca Smart Community
- Building out smart community
- Fielding interest for a number of similar arrangements



The Investment Thesis - Micro and Macro trends stack up



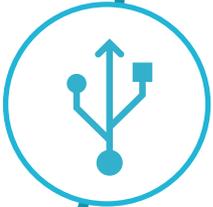
Significant and growing addressable market

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

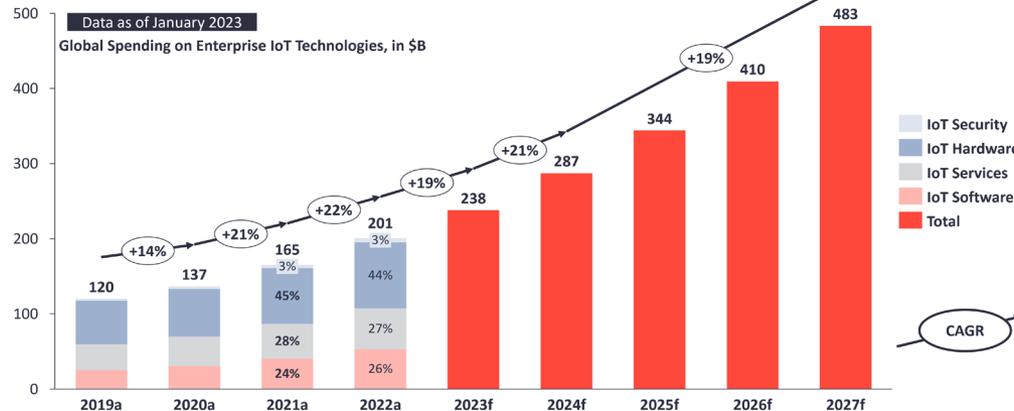
A proprietary platform secured with a strong patent portfolio across 15 countries



Proven performance

X2M's management team is delivering consistent performance

Enterprise IoT market 2019–2027



Note: IoT Analytics defines IoT as a network of internet-enabled physical objects. Objects that become internet-enabled (IoT devices) typically interact via embedded systems, some form of network communication, or a combination of edge and cloud computing. The data from IoT-connected devices is often used to create novel end-user applications. Connected personal computers, tablets, and smartphones are not considered IoT, although these may be part of the solution setup. Devices connected via extremely simple connectivity methods, such as radio frequency identification or quick response codes, are not considered IoT devices. a: Actuals, f: Forecast
Source: IoT Analytics Research 2023. We welcome republishing of images but ask for source citation with a link to the original post or company website.

World IoT market¹

- The enterprise IoT market grew 21.5% to \$201 billion in 2022, according to the January 2023 update of IoT Analytics' Global IoT Enterprise Spending Dashboard.
- APAC is expected to outgrow other parts of the world with a CAGR of 22% between 2022 and 2027.

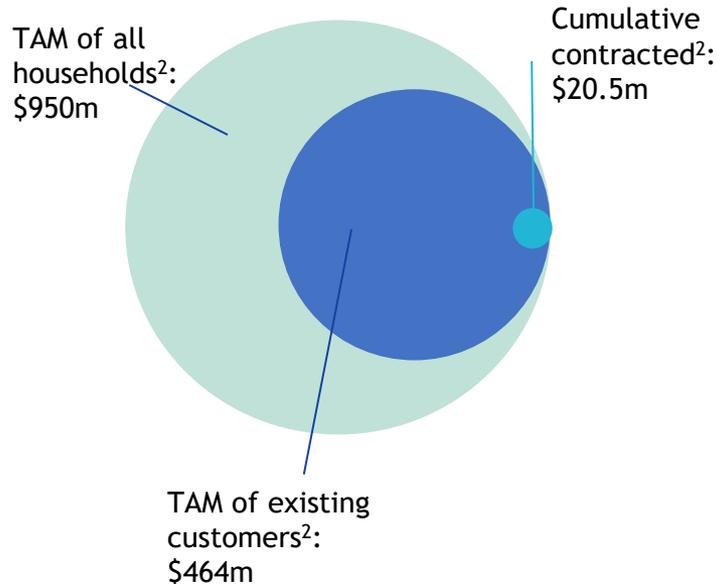
Australian IoT market²

- Revenue in the Australian IoT market is projected to reach US\$458.40m in 2023.
- The market's largest segment is Smart Home Technologies with a projected market volume of US\$451.40m in 2023.
- Revenue is expected to show an annual growth rate (CAGR 2023-2027) of 8.39%, resulting in a market volume of US\$632.70m by 2027.
- In global comparison, most revenue will be generated in China (US\$5,303.00m in 2023).

Contracted customers deliver large addressable markets

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

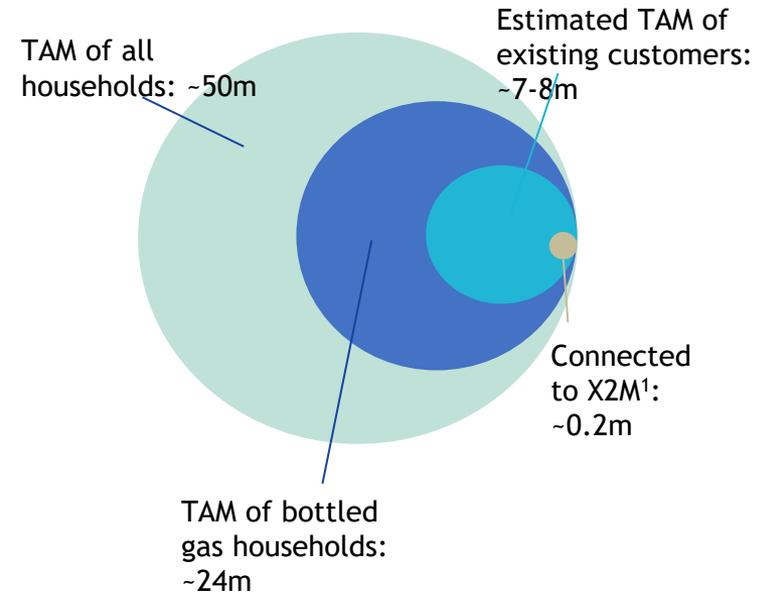
South Korea market



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 market



Connected devices in Japan have grown ~100% during last 12 months

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

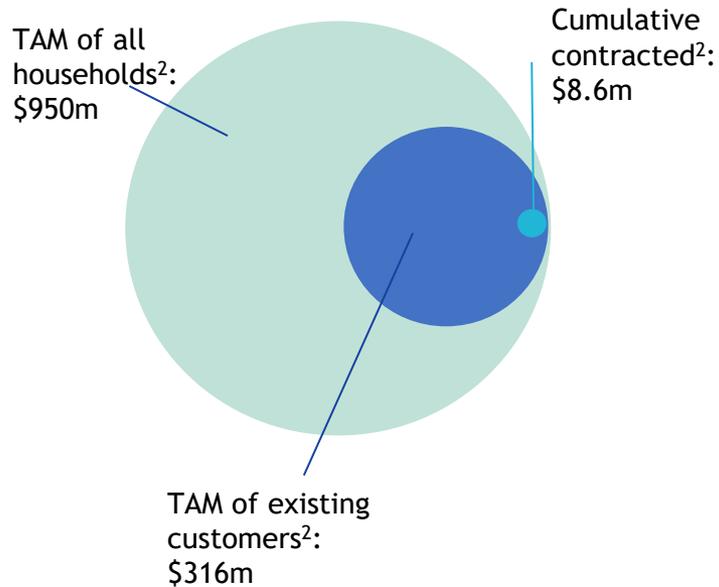
1. Data as at 31 December 2022.

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

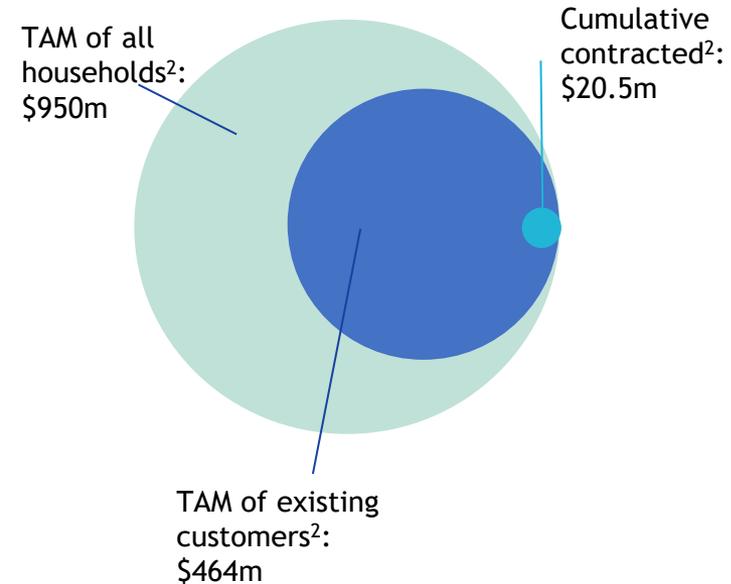
South Korea best articulates strategy outcomes

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

South Korea market – Sep 2021



South Korea market – Dec 2022



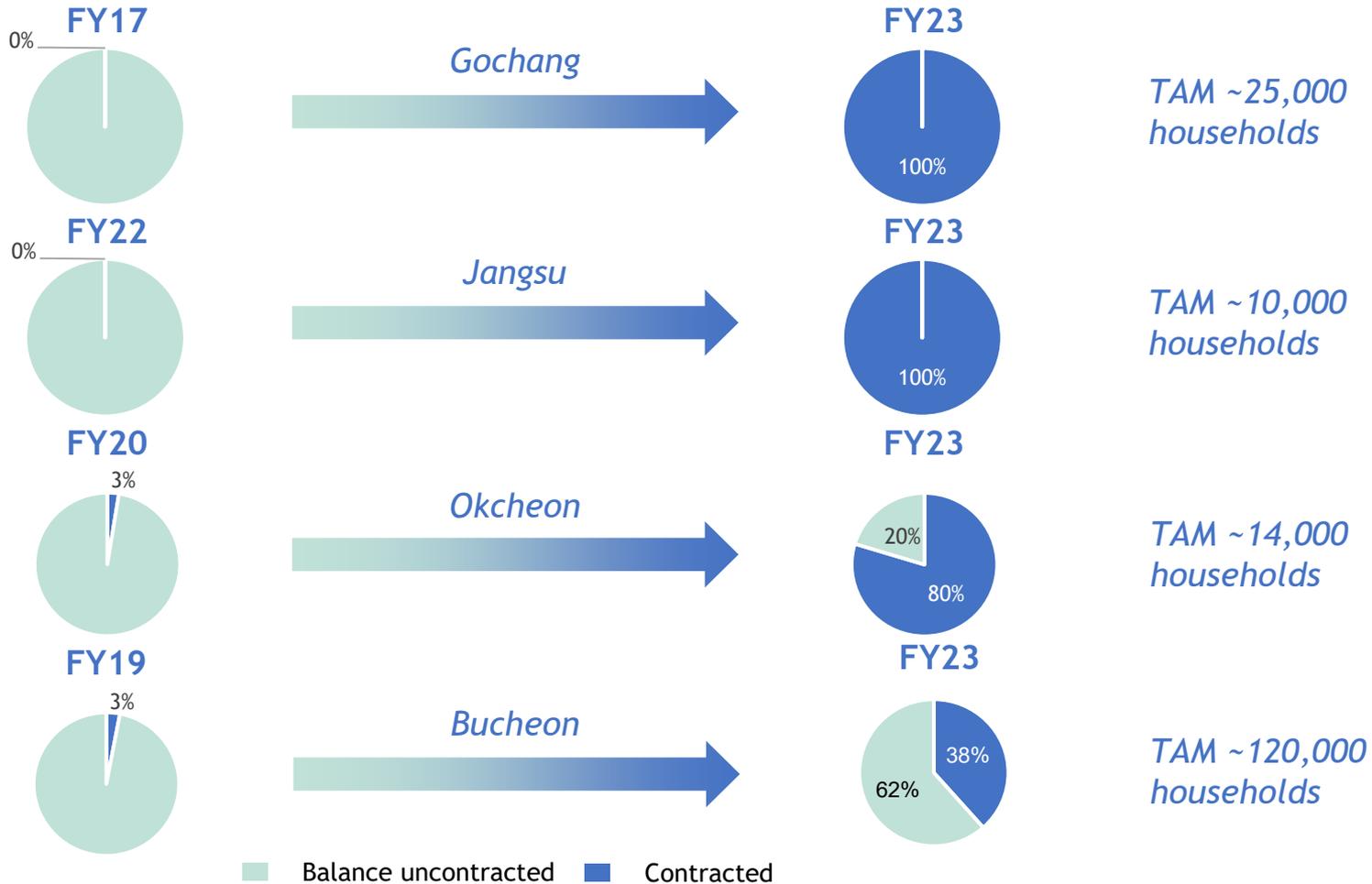
Over the last fifteen months, in South Korea, the TAM of X2M's existing customers has increased from \$A316 million to \$A464 million. This represents an increase from 33% to 49% of the total South Korean country market. Penetration of the customers' TAM, on average, has increased from 2.7% to 4.4%. Overall penetration of customers is low and augers well for future growth.

1. Data as at 31 December 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

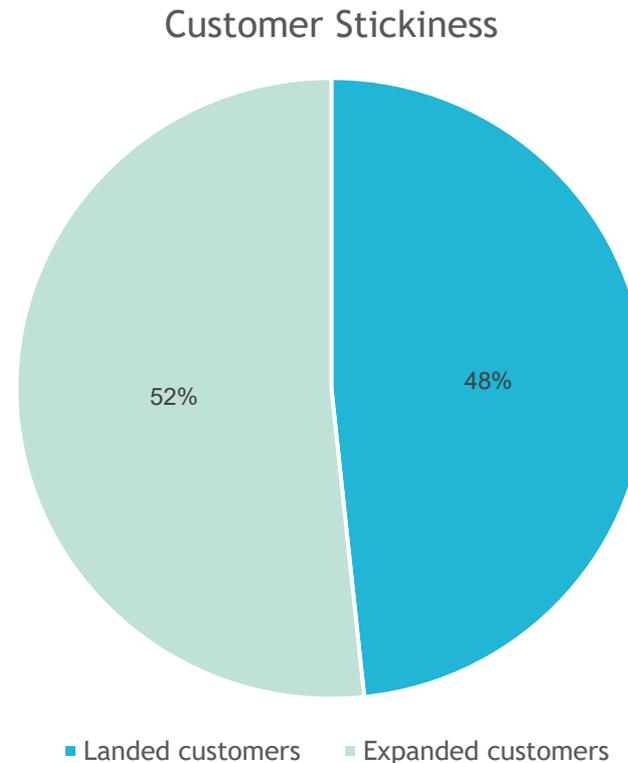


The X2M strategy of securing customers and pursuing conversion of each customer's available market is working and reflects the stickiness of the X2M business model



High percentage of repeat customers

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



More than half of X2M customers have placed repeat orders. Considering 28% of customers have been added in the last 12 months, this is an excellent result



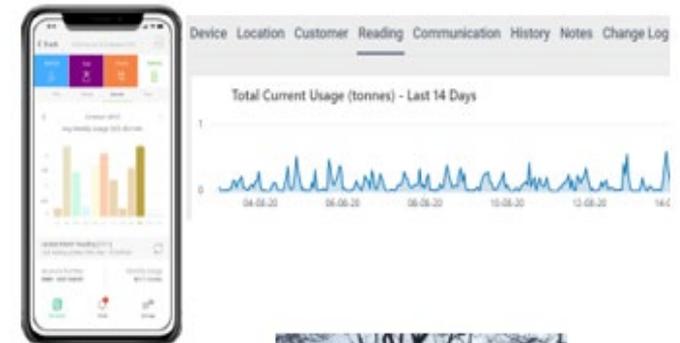
What we do - digitising
utilities in APAC. A market
ready to be tapped

Water digitisation - South Korea - from analog to digital

Currently servicing 33 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 150,000 households monitored and controlled and ~10,000 currently being deployed at December 2022

Total Addressable Market >\$950m. TAM of contracted customers >\$450m.

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

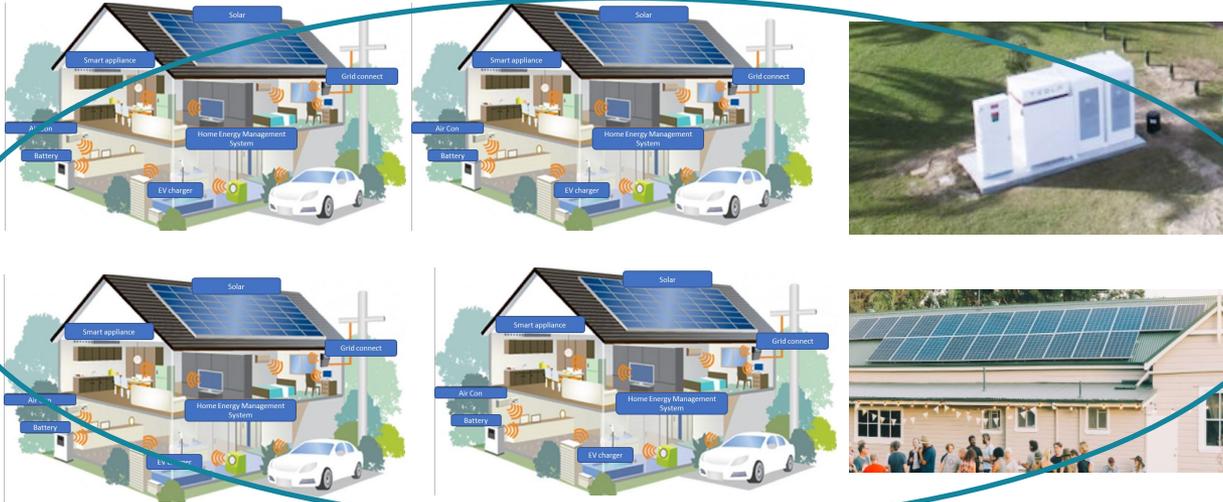


More than 200,000 households monitored and controlled as at December 2022

Estimated 24m households in Japan are on bottled gas

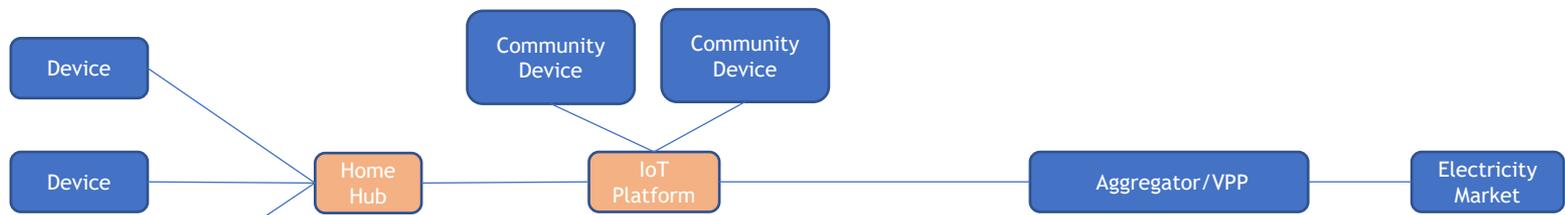
Smart communities - Australia

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



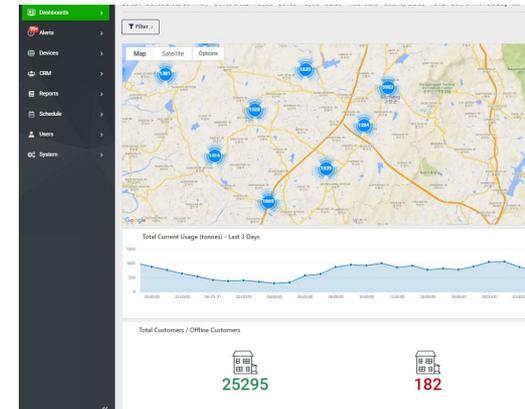
Monitor and control distributed energy resources (DER) devices from Hub. Homeowner has a mobile and desktop user interface

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

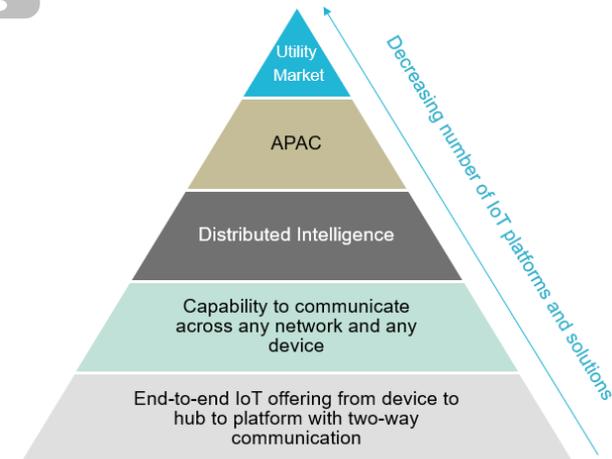
Partners operate the whole community network, VPP and trade energy in the electricity market

X2M's key differentiators = sustainability

- **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 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

Q2 FY23

- South Korea orders of \$1.4 million across four municipalities
- New contracts worth \$1 million in South Korea and Taiwan
- X2M named a Rising Star award winner in Deloitte Tech Fast 50

Circa \$18 million in secured contracts since listing in September 2021



Government initiatives

Initiatives are designed to increase adoption in the future

Japan - the ministry of Economy, Trade and Industry announced JPY 13.8b (approximately \$AUD 150m) subsidy programme would be launched for strengthening and modernising delivery of LP Gas including support for the deployment of smart meters and associated infrastructure

Australia - a number of State and Federal funding programmes have been announced including battery and renewables subsidies and regional development support

Taiwan - after 2-year field trials, Taipei Water will start a minimum 50K smart water meter deployment from CY2023 and up to 250K through CY2033



Outlook



-  Continue land and expand strategy. Revenue growth through acquisition of new customers and repeat orders from existing customers expected
-  Revenue, customer numbers and connected devices expected to deliver strong growth in FY23 on FY22
-  SaaS and other recurring revenues to grow as connected devices increase
-  New Government incentives provide potential opportunities going forward



X2M CONNECT

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