

X2M digitising utilities in APAC

# FY24 – Q1 Trading update



# Disclaimer

This Presentation (“Presentation”) has been prepared by X2M Connect Limited (Company). You must read and accept the conditions in this notice before considering the information set out in or referred to in this Presentation. If you do not agree, accept or understand the terms on which this Presentation is supplied, or if you are subject to the laws of any jurisdiction in which it would be unlawful to receive this Presentation or which requires compliance with obligations that have not been complied with in respect of it, you must immediately return or destroy this Presentation and any other confidential information supplied to you by the Company. By accepting this document, you acknowledge and agree to the conditions in this notice and agree that you irrevocably release the Company from any claims you may have (presently or in the future) in connection with the provision or content of this Presentation. Statements in this Presentation are made only as at 20 November 2023 and the information in this Presentation remains subject to change without notice. The information in this Presentation is of a general nature and does not purport to be complete, nor does it contain all the information which a prospective investor may require in evaluating a possible investment in the Company or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act. Certain market and industry data used in connection with this Presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. Neither the Company nor its representatives have independently verified any such market or industry data provided by third parties or industry or general publications, and they take no responsibility for it.

No representation or warranty, express or implied, is made by any person as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this Presentation. This Presentation does not purport to summarise all information that a recipient should consider when making an investment decision and should not form the basis of any decision by a recipient. Recipients should carry out their own investigations and analysis of the Company and verify the accuracy, reliability and completeness of the information contained in this Presentation or any other form of communication to which the recipient is permitted access in the course of evaluating the Company.

## Not an offer

This Presentation is for information purposes only and is not a prospectus, disclosure document, product disclosure statement or other offering document under Australian law or any other law (and will not be lodged with the Australian Securities and Investments Commission (ASIC)). This Presentation does not constitute investment or financial product advice (nor tax, accounting or legal advice) or any recommendation to acquire shares of the Company and does not and will not form any part of any contract for the acquisition of shares of the Company.

## Not financial product advice

This Presentation is for informational purposes only and is not a financial product or investment advice or recommendation to acquire any securities in the Company (or any new holding company of the Company) and does not take into consideration the investment objectives, financial situation or particular needs of any particular investor. Recipients of this Presentation should make their own assessment of an investment in the Company and should not rely on this Presentation. Recipients should conduct their own research into the financial condition, assets and liabilities, financial position and performance, profits and losses, prospects and business affairs of the Company and its business, and the contents of this Presentation. Recipients should seek legal, financial, tax and other advice appropriate to your jurisdiction. Cooling off rights do not apply to the acquisition of X2M Connect Limited Shares.

## Investment risk

An investment in Shares is subject to known and unknown risks, some of which are beyond the control of the Company, including possible loss of income and principal invested. The Company does not guarantee any particular rate of return or the performance of the Company nor does it guarantee the repayment or maintenance of capital or any particular tax treatment.

## Past and future performance

Past performance information given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

This Presentation may contain certain forward-looking statements with respect to the financial condition, operations and business of the Company and certain plans and objectives of the Company. Forward-looking statements can be identified by the use of forward-looking terminology, including, without limitation, the terms “believes”, “estimates”, “anticipates”, “expects”, “predicts”, “intends”, “plans”, “targets”, “aims”, “outlook”, “guidance”, “forecasts”, “may”, “will”, “would”, “could” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. Such forward looking statements involve known and unknown risks, uncertainties and other factors that because of their nature may cause the actual results or performance of the Company to be materially different from the results or performance expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the political and economic environment in which the Company will operate in the future (including in respect of the COVID-19 pandemic, which makes all forward-looking statements highly uncertain), which may not be reasonable, and are not guarantees or predictions of future performance. No representation is made that any of these statements or forecasts will come to pass or that any forecast result will be achieved, or that there is a reasonable basis for any of these statements or forecasts.

Forward-looking statements speak only as at the date of this Presentation and the Company is under no obligation to, and will not, update them. This document should be read in conjunction with other publicly available information.

This document provides information in summary form only and is not intended to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor.

## Disclaimer

To the maximum extent permitted by law, the Company and its respective advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents exclude and disclaim all liability, including without limitation for negligence or for any expenses, losses, damages or costs incurred by you as a result of your participation in an investment in the Company and the information in this Presentation being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. To the maximum extent permitted by law, the Company and its respective advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of information in this Presentation. Statements made in this Presentation are made only as the date of this Presentation. The information in this Presentation remains subject to change without notice.



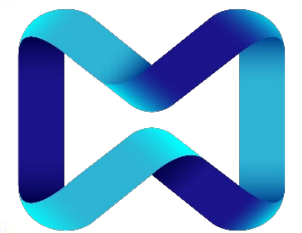
# **PRESENTATION AGENDA**

**WHAT WE DO**

**PERFORMANCE 1Q24**

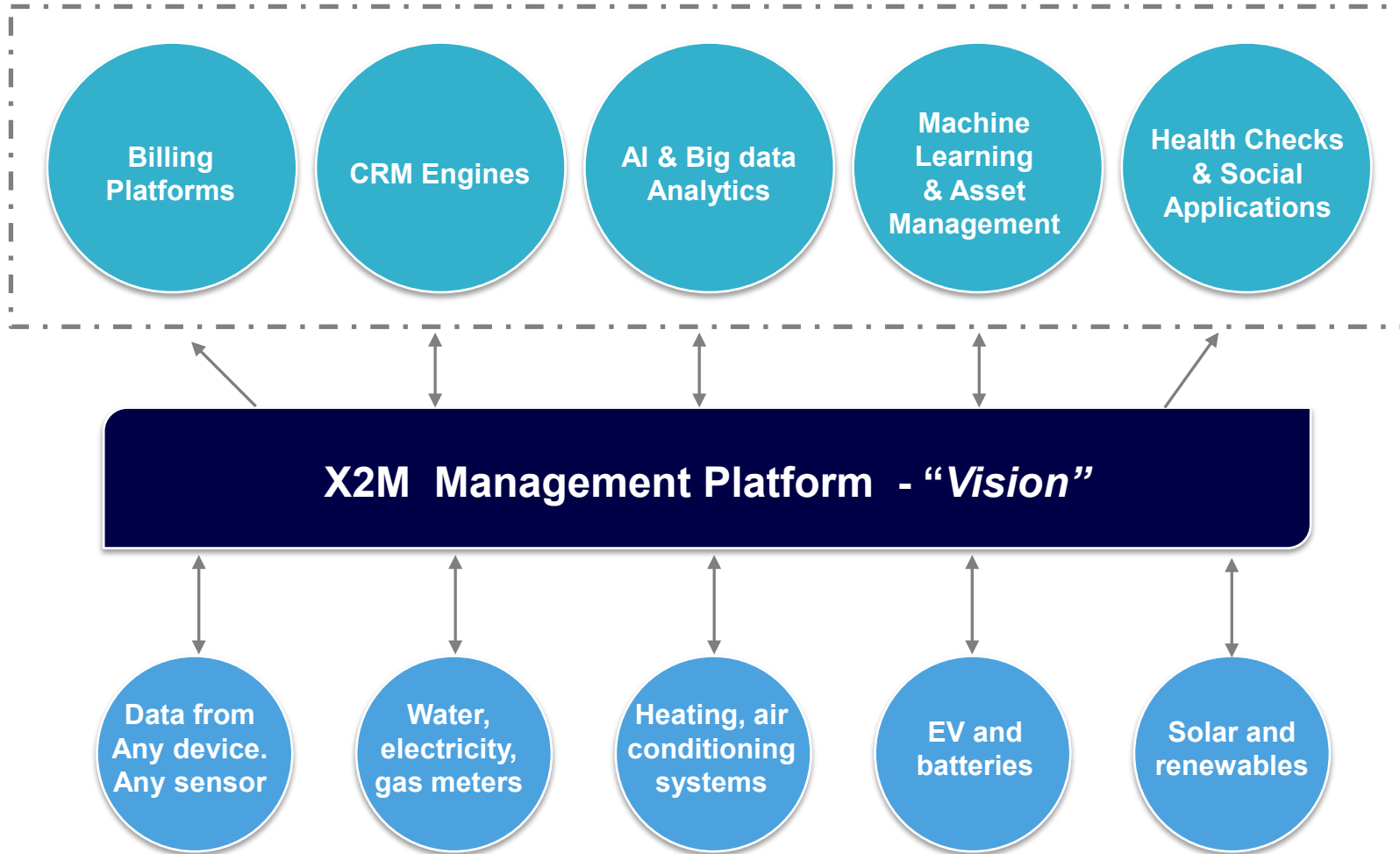
**THE MARKET OPPORTUNITY**

**WHAT WE DO**



# The X2M - a data gatherer and controller of devices

“One platform, any device, multiple applications”



# X2M's Patents >50 granted across 14 countries



## One Platform

Any device on one platform means more applications, richer data, better use cases



## Networks

Communication over many networks- 3G to 5G, NBIoT, LoRa and Ethernet. Means future proofed technology and greater communication flexibility



## Control

Two-way communications to and from devices - means ability to collect data and control the end device



## Dumb & Smart

Ability to retro fit legacy devices - means better capex profile for customers and ability to work in dumb and smart environments



## Flexibility

Cloud and edge-based capability - means greater communication flexibility and ability to function when power is lost

# Delivering proven use cases

Next wave of productivity improvement for enterprises and government





# X2M's Business Operations



## Australia

### Smart Communities

An integrated end to end energy plan including solar, home energy management, lending, retailer and community battery

### Smart Agriculture

An integrated solution for renewables, energy, water and other farm resources



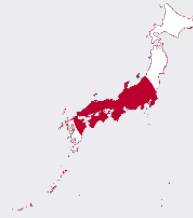
## Beijing

### Water Quality Sensors

Hardware sensor sales with potential to add platform subscriptions to customer in future

### Water Meters

Meter sales with subscription services included in contract



## Japan

### Gas Bottle Monitoring

Gas meter monitoring and control for improved safety and gas bottle distribution logistics optimisation



## South Korea

### Water meter monitoring and control

Remote monitoring data collection for billing, leak detection, health checks and system optimisation across 40 municipalities

### Streetlights

Streetlight lamp and controller supply for optimised light management



## Taiwan

### Gas Monitoring

Remote gas monitoring for residential billing and safety and grid based pressure monitoring

### Water monitoring

Remote water meter monitoring for billing and optimisation

### Energy Management

Solar, EV, battery and A/C monitoring and control



# X2M's Revenue Model

## One off Charges

Initial platform installation charge plus platform customization fees

Per new device connection fee or

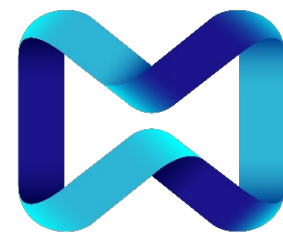
Per new device fee for X2M hardware

## Recurring charges

Monthly SaaS fee for data delivered

Monthly maintenance fee for support

**X2M**  
**PERFORMANCE**  
**1Q24**



# 1Q24 Trading update - Key financial metrics on target

Solid revenue growth, improved margins, reduced costs and declining cash burn are highlights of the 1Q results



**Revenue growth is on the back of a very strong 1H23**


1. All FY24 financial results in this presentation are unaudited

# 1Q24 Trading update - Business KPI's


Drivers of future value



Enterprise and  
government  
customers  
70 up 35%



SaaS and  
maintenance  
revenues  
\$0.4m up 60%



Connected devices  
472,882 up 62%



Annualised  
recurring revenues  
\$1.5m  
up 67%

1. All FY24 financial results in this presentation are unaudited

# 1Q24 P&L at a glance<sup>2</sup> - revenues & margins up, costs down

(\$'m)	1Q24	1Q23	Change
Revenue	4.0	3.8	7%
Cost of Sales	(2.7)	(2.9)	-6%
Gross Profit	1.3	0.9	47%
Other income	0.1	0.4	-70%
Overheads <sup>1</sup>	(2.2)	(2.3)	-3%
Adjusted EBITDA <sup>1</sup>	(0.6)	(1.0)	-37%
Depreciation and Amortisation	(0.3)	(0.2)	60%
Other costs	(0.2)	(0.1)	>100%
Share-based Payments	(0.1)	(0.1)	9%
Loss after Income Tax	(1.2)	(1.3)	-7%

“The company strategy is to secure enterprise customers and extend into their addressable market to drive high volumes of repeat sales”

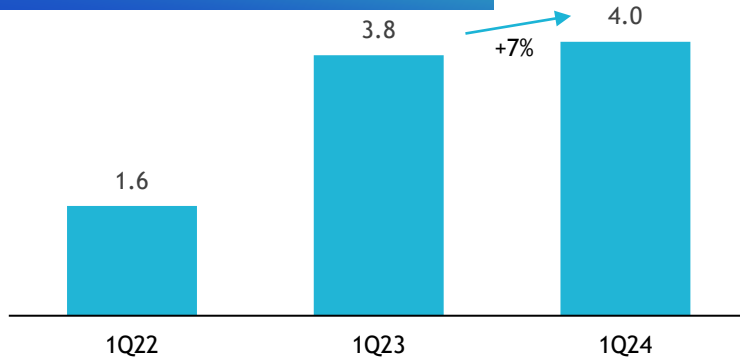
1. The balances are adjusted for non cash amounts and IPO expenses not expected to occur in the future

2. All financial figures are unaudited

# Year on Year Financial trends

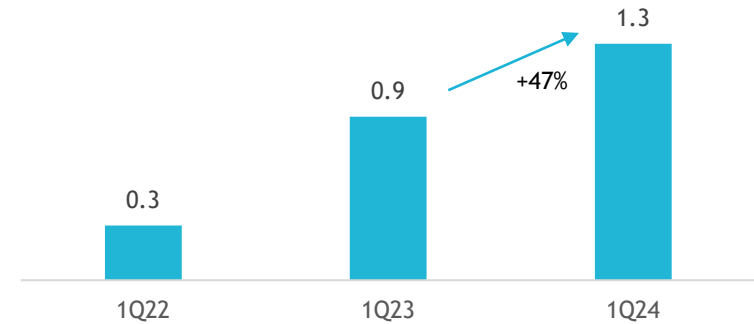
## Revenue (\$M)

1Q24 revenue of \$4.0m,  
up 7% on the pcp



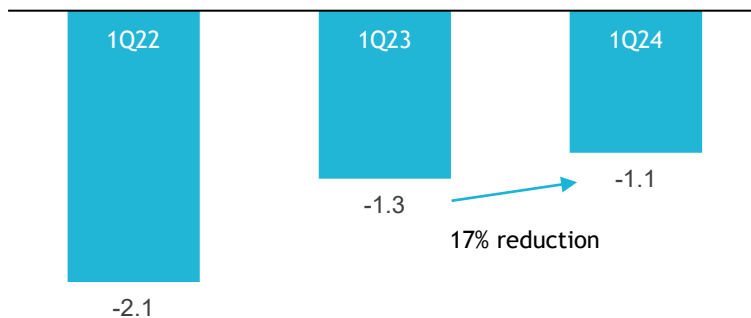
## Gross profit (\$M)

1Q24 gross profit of \$1.3m,  
up 47% on the pcp



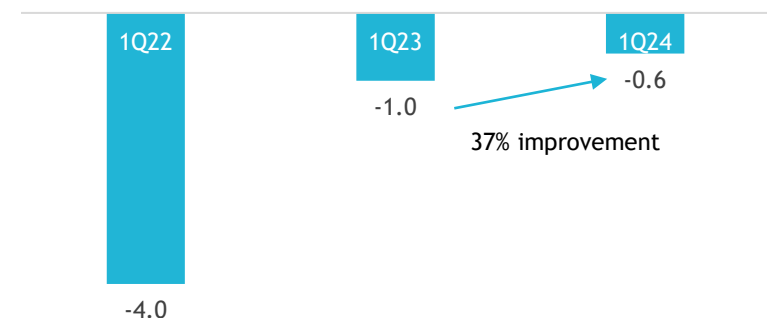
## Net cash burn from operating activities

1Q24 net cash burn from operating  
activities of \$1.1m, 17% reduction on pcp



## Adjusted EBITDA

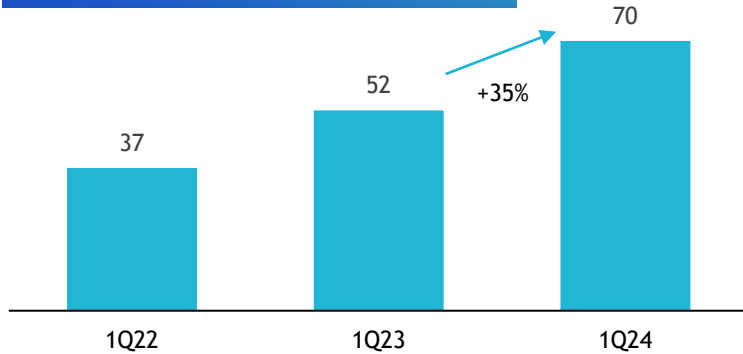
1Q24 Adjusted EBITDA loss of \$0.6m,  
an improvement of 37% on pcp



# Year on Year Business Metric trends

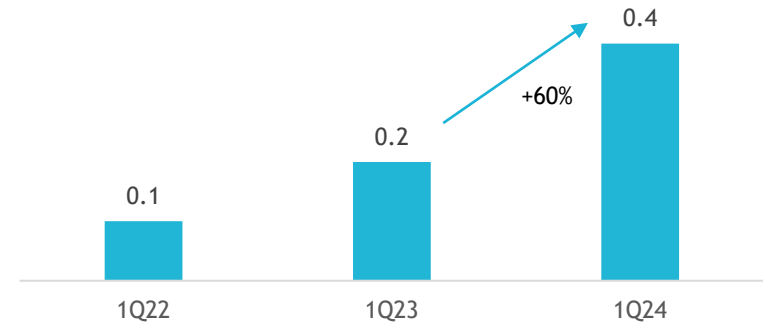
## Enterprise and government customers

1Q24 Enterprise and government customers of 70, up 35% on pcp



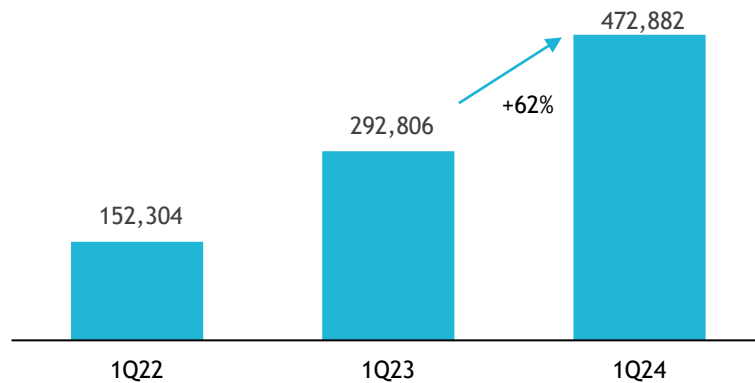
## SaaS and maintenance revenues

1Q24 SaaS and maintenance revenues of \$0.4m, up 60% on pcp



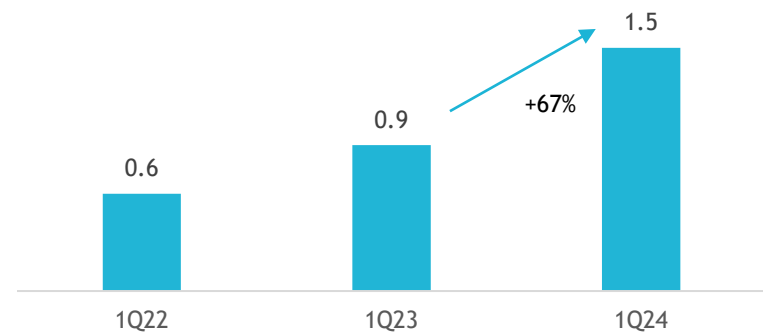
## Connected devices

Connected devices as at 30 September 2023 was 472,882 up 62% on pcp



## Annualised recurring revenues (ARR)

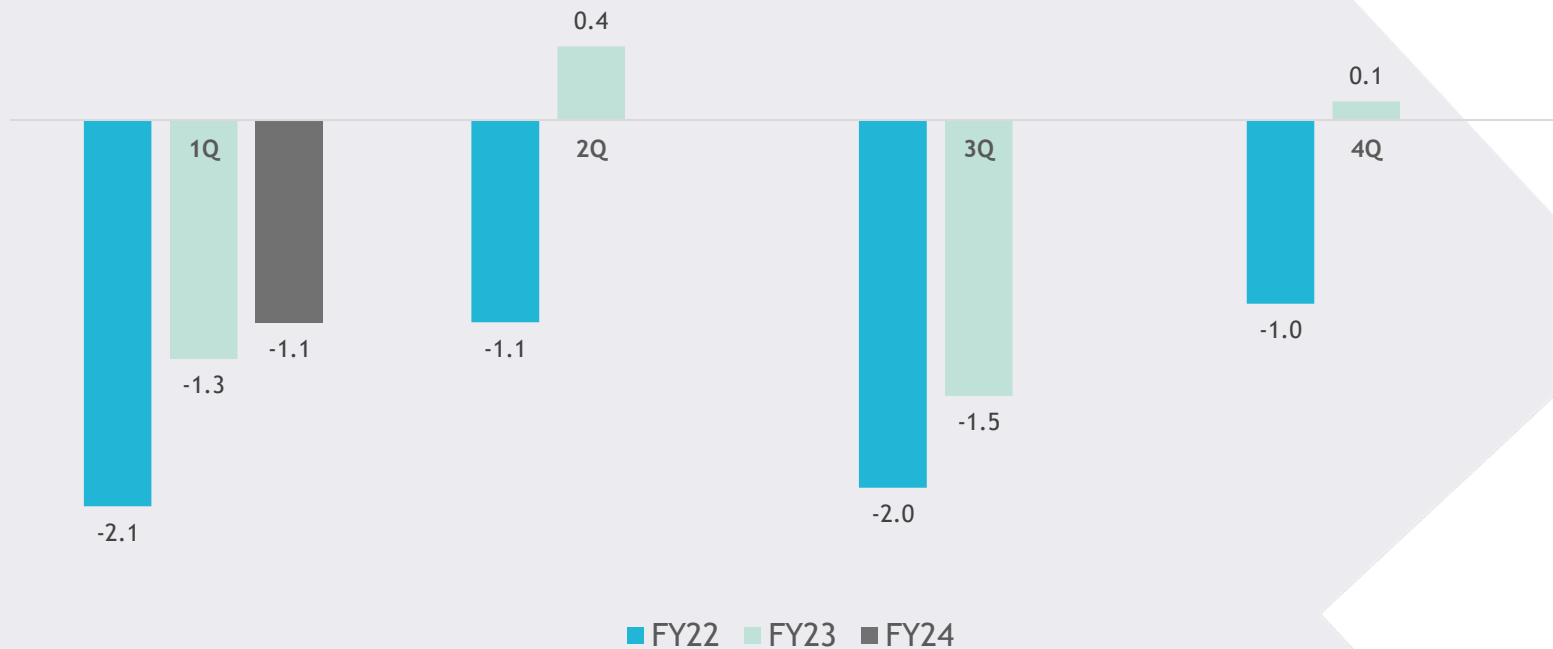
1Q24 ARR of \$1.5m, up 67% on pcp





# Operating cash burn a key financial metric

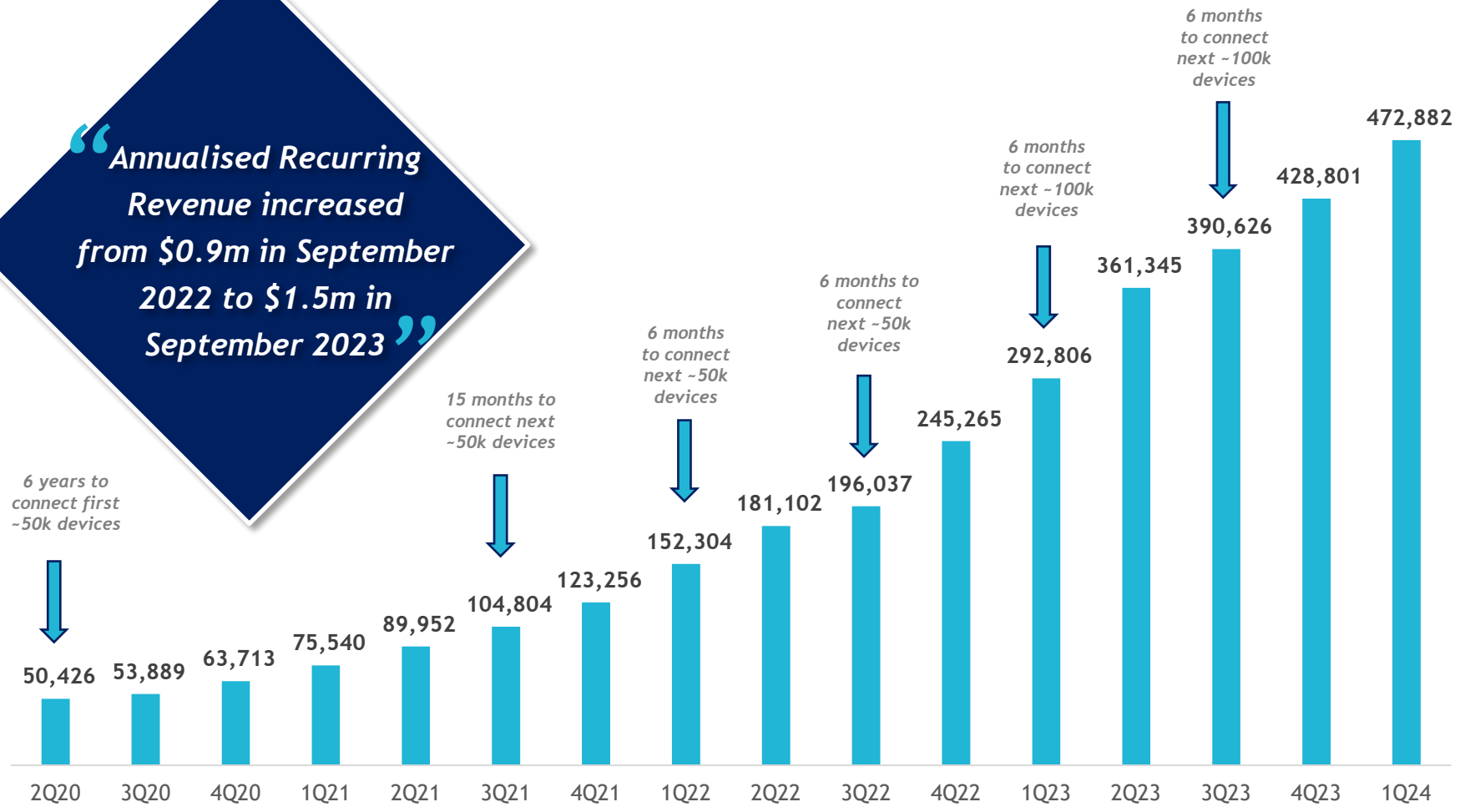
1Q24 delivered cash burn from operating activities of \$1.1 million compared with \$1.3 million in 1Q23. The improved performance was driven by a better gross margin and well controlled operating expenses. Chart below shows the improvements over the last three years.



# Historical momentum is good

Repeat orders from customers and pipeline conversion drive future SaaS revenues

**“Annualised Recurring Revenue increased from \$0.9m in September 2022 to \$1.5m in September 2023”**

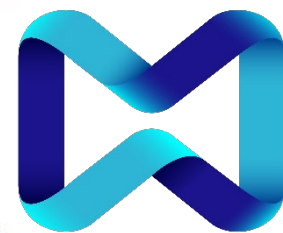


**Cumulative connected devices**

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



**THE MARKET  
OPPORTUNITY**



## X2M's addressable market is large

Australia  
26m people  
9m households

Beijing, China  
22m people  
9m households

Japan  
126m people  
55m households

South Korea  
52m people  
22m households

Taiwan  
24m people  
9m households

Addressable market in current geographies: 250 million people. 104m households

Addressable market across existing customers: >10m households<sup>1</sup> .  
Revenue potential >\$500m

Annual recurring revenue potential across existing customers<sup>2</sup> :  
Approximately \$40m per annum

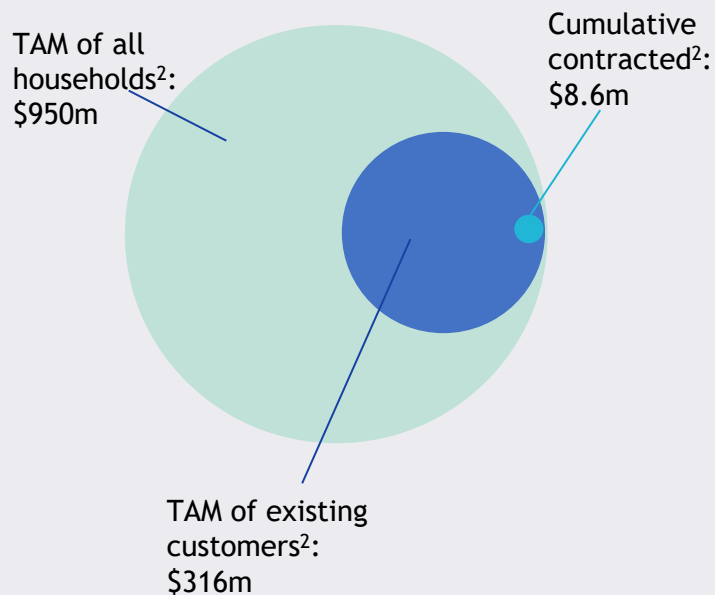
>50% of customers placing repeat orders

1. Assumes customer installs X2M current bundled services to all its households
2. Assumes customer installs X2M SaaS services to all its households

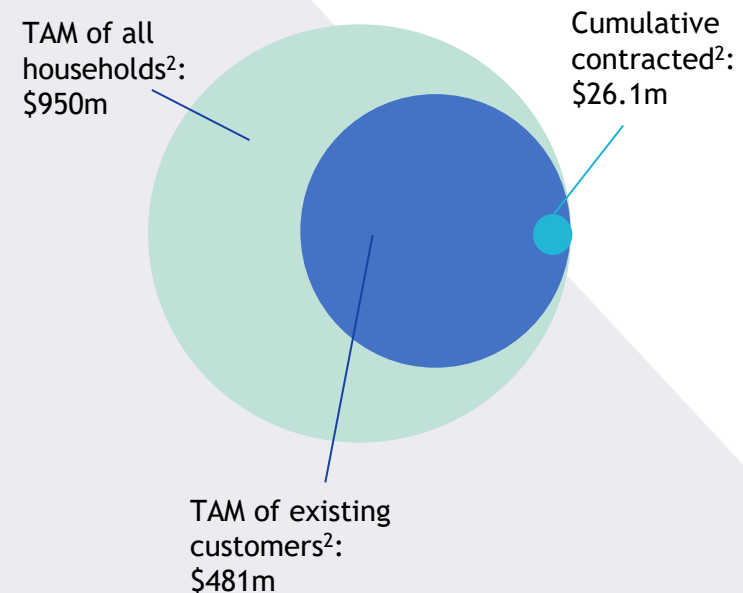
# X2M is diligently penetrating its customer base - South Korea example

Total addressable market and share of TAM increasing as X2M gets embedded into customer eco systems generating follow-on orders

SOUTH KOREA MARKET - SEP 2021



SOUTH KOREA MARKET - JUN 2023













*Over the last twenty one months, in South Korea, the TAM of X2M's existing customers has increased from \$A316 million to \$A481 million. This represents an increase from 33% to 51% of the total South Korean country market. Contracting of the customers' TAM, on average, has increased from 2.7% to 5.4%. Despite strong growth, overall penetration of customers TAM is low and augers well for future growth*

1. Data as at 30 June 2023.

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

# FY24 targets

-  > 20% Revenue growth 
-  > 60% growth in annualised recurring revenues 
-  > 50% growth in gross profit 
-  Operating costs flat and cash burn halved 
-  >50% growth in connected devices 

# New markets being progressed/considered

Australia - Smart communities and smart agriculture



Middle East - Gas distribution and management



India - gas and energy management





# Summary - X2M a compelling investment proposition



## 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. New markets to drive SaaS and recurring revenues. Customer mandates are long and sticky



## Leading edge technology

A proprietary platform secured with a strong patent portfolio across 14 countries. Limited competition



## Proven performance

X2M's management team is delivering consistent performance and are shareholders in the Company. Board is well experienced and independent

**Thank you**

