

X2M digitising utilities in APAC

Entitlement offer

December 2023



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Entitlement Offer Details

- 1 for 6 non renounceable entitlement issue to Shareholders to raise up to \$1.5m through the issue of approx. 38.1m Shares at \$0.04 per Share
- Offer Price of A\$0.04 per New Share under the Offer, which represents:
15% discount to the close on 1 Dec 2023 of A\$0.047
- The New Shares issued under the Offer will rank equally with existing X2M shares on issue
- Use of Funds: platform enhancements for renewable energy, smart communities and ongoing operations

Uses of funds	Amount (\$m)
Platform enhancements for renewable energy	\$0.70
Smart community and agri	\$0.40
Business development and marketing	\$0.20
Working capital	\$0.15
Capital raising costs	\$0.05
Total	\$1.50

Capital structure	Current	Entitlement issue	On Completion
Shares	228,521,905	38,086,984	266,608,889
Listed Options	23,350,397	-	23,350,397
Unlisted Options & Rights	81,892,330	-	81,892,330
Convertible Notes @ \$0.05 (if converted)	34,000,000	-	34,000,000

Entitlement Offer Timetable

Activity	Date
Announcement of Offer Lodgement of Appendix 3B with ASX Lodgement of Offer Letter with ASX	Before market open 6 December 2023
Ex date	8 December 2023
Record Date for the Offer	11 December 2023 (7:00pm AEDT)
Offer Document despatched to Shareholders Company announces the despatch has completed Opening Date for Offer	14 December 2023
Last day to extend Offer closing date	Before 12:00pm (AEDT) 20 December 2023
Closing Date of the Offer	27 December 2023 (5:00pm AEDT)
Announcement of results of Offer	Before 12:00pm (AEDT) 4 January 2024
Lodge Appendix 2A for Securities issued under the Offer and issue Securities	4 January 2024 (no later than 12:00pm AEDT)
Quotation of Shares issued under the Offer	5 January 2024
Expected despatch of holding statements	8 January 2024

GreenRock MOU signed

- ▶ Non-binding memorandum of understanding (MOU) with GreenRock Energy Co., Ltd
- ▶ Taiwan company with 900MW of renewables under management
- ▶ A collaboration to develop an energy management system (EMS) solution business
- ▶ GreenRock acquires a scalable EMS platform from X2M
- ▶ GreenRock to be the battery owner for two Australian smart communities in progress
- ▶ Joint development of an EMS business in Australia, Taiwan, Japan and South Korea

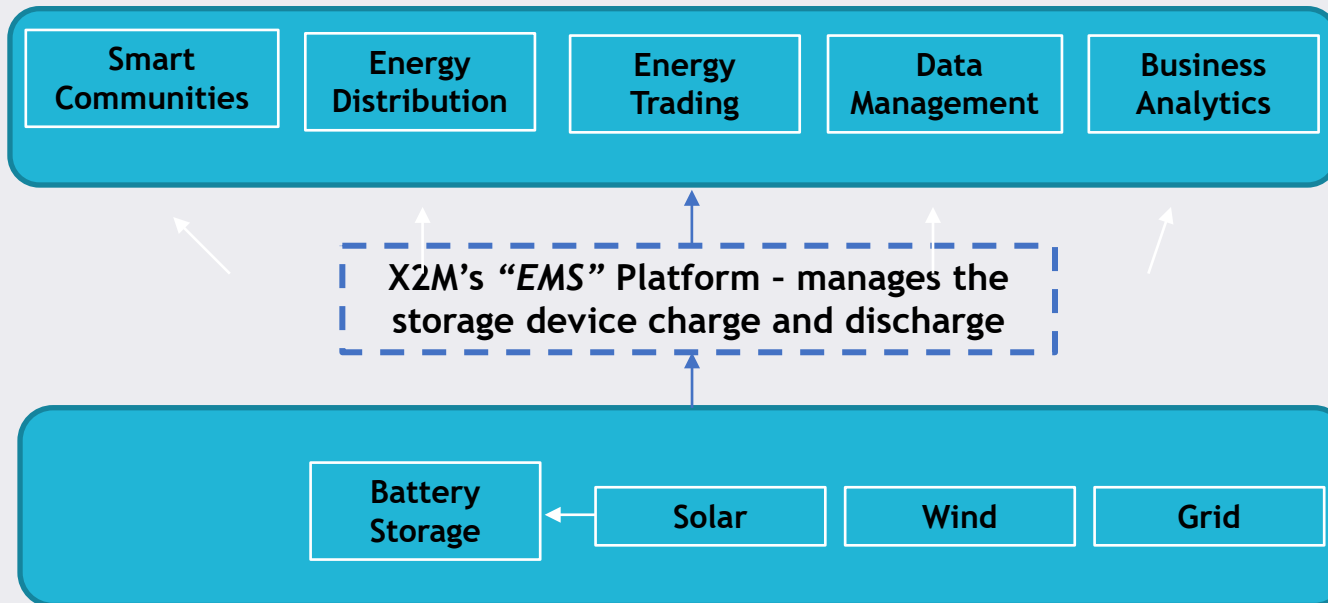
“
The parties are actively discussing final agreements to give effect to the MOU and the Company will update the market as any of these are completed
”

X2M's Energy Management System (EMS) platform for GreenRock



Leveraging X2M's communication and data aggregation capability

Energy sector - Renewable generation and storage



About GreenRock

GreenRock is a Taiwan company focused on large scale renewable energy infrastructure

- 300MW under development
- 900MW under management

GreenRock and X2M Partnership

- Non-binding MOU executed
 - X2M to supply Energy Management System Platform for GreenRock's Taiwan operation
 - GreenRock and X2M to partner for GreenRock's expansion into Australia, Japan and South Korea

Key take outs from FY23



Another year of solid performance



Cash burn reducing and a clear path to positive operating cashflows



A technology solution that is resonating



Customer base represents a large addressable market with penetration growing



X2M platform is being adopted across the APAC region



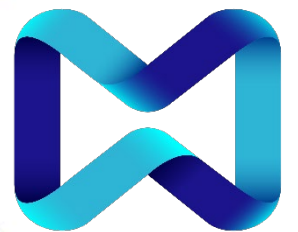
A management team delivering

“Stage is now set to transition to a significant global player in utility automation, data collection, artificial intelligence and machine learning”



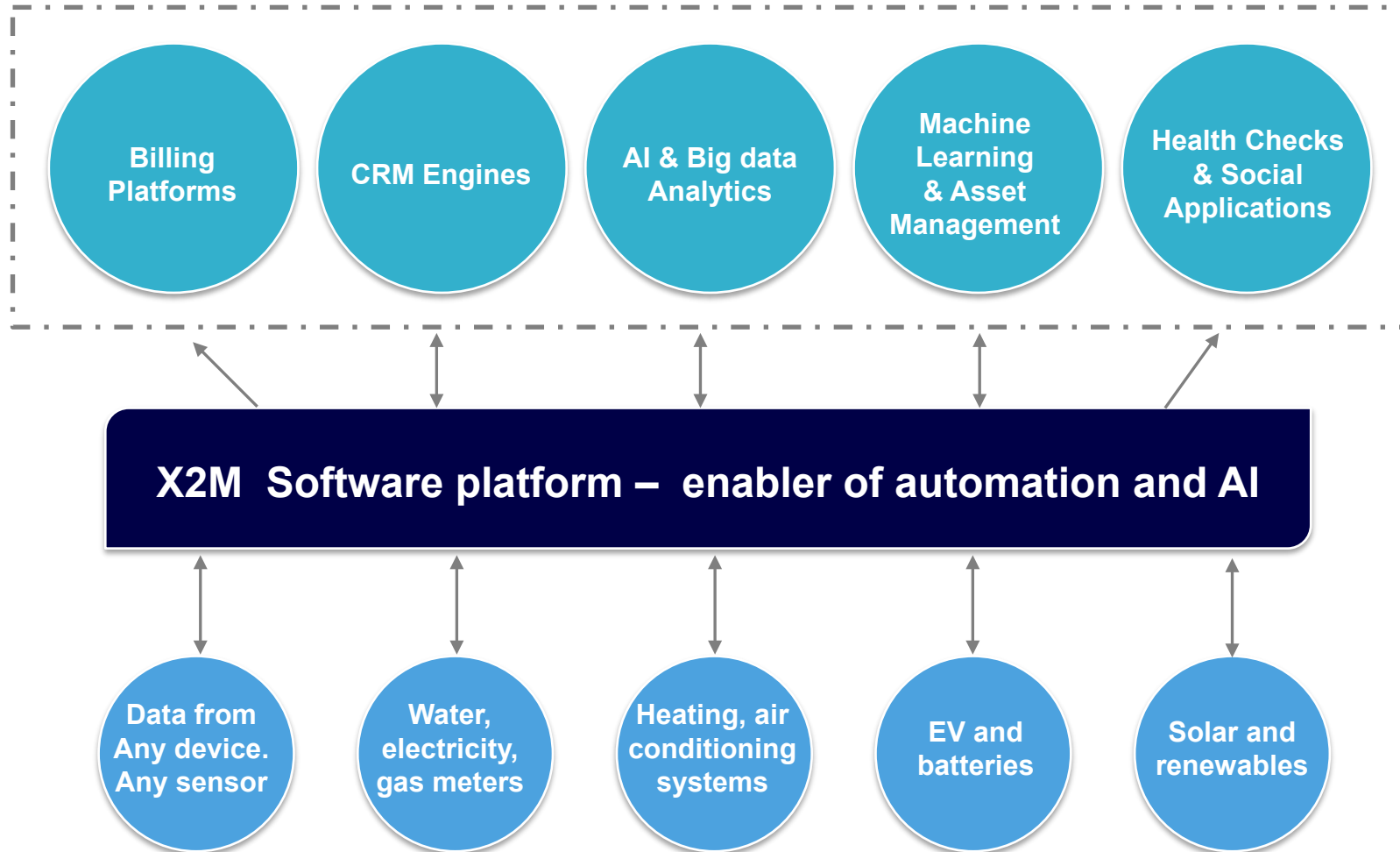
WHAT WE DO

“Data aggregation and device control”



The X2M - a data gatherer and controllers of devices & sensors

“One platform, any device, multiple applications and fully commercialised”



X2M's patents set it apart >50 granted across 14 countries. Plays to the heart of the AI world



One Platform

Any device on one platform. More applications, richer data, better use cases



Networks

Communication over many networks- 3G to 5G, NBIoT, LoRa and Ethernet. Future proofed technology. Greater communication flexibility



Control

Two-way communications to and from devices. Collects data and controls the end device



Dumb & Smart

Ability to retro fit legacy devices. Better capex profile for customers and ability to work in dumb and smart environments



Flexibility

Cloud and edge-based capability. Greater communication flexibility and ability to function when power is lost

Fully commercialised business - delivering proven use cases

Next wave of productivity improvement for enterprises and government



X2M's revenue model

One off Charges

Initial platform installation charge plus platform customisation fees

Per new device connection fee or

Per new device fee for X2M hardware

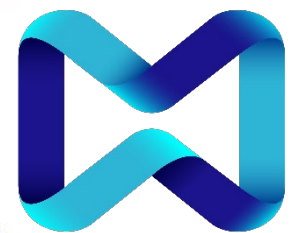
Recurring charges

Monthly SaaS fee for data delivered

Monthly maintenance fee for support



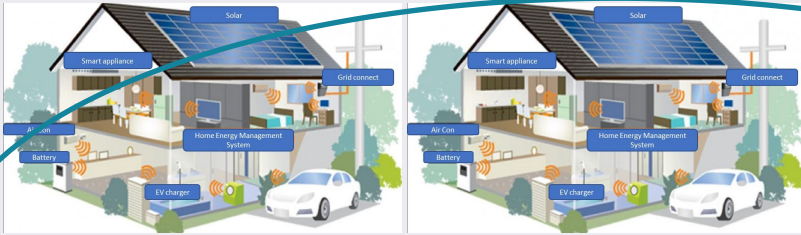
**X2M AND THE
ENERGY MARKET**



Current deployments - smart communities Australia

Two mandates: Echuca up to 1,000 homes. Yarrawonga up to 800 homes

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

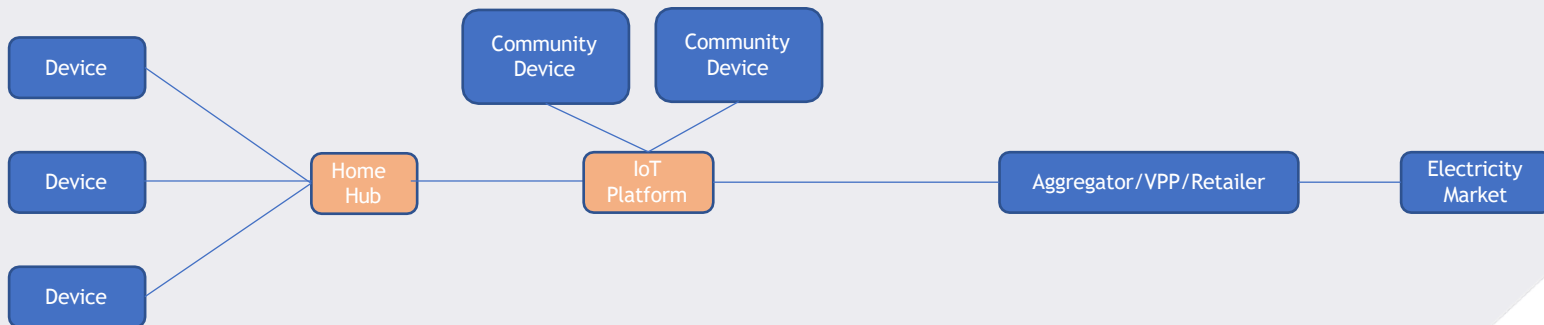


↓ Significantly reduced energy consumption



↑ 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, Virtual Power Plant (VPP) and retailer partners

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

GreenRock partnership

- GreenRock and X2M have signed a non-binding MOU and are actively working to finalise the final agreements
- GreenRock is a player in renewable energy generation, storage and energy trading with 900MW under management
- Adds scale for X2M's Taiwan operation with X2M providing the Energy Management System solution for GreenRock's Taiwan operation
- X2M to be the ongoing SaaS platform manager on an annual renewal programme with an expected term of 10 to 15 years.
- GreenRock to partner with X2M to develop the Australian, Japanese and South Korean markets
- X2M is well advanced in rolling out its Smart Community product in Australia. GreenRock to be the battery financier for these projects

Battery Energy Storage Systems (BESS) market in Taiwan reflects global trends

Taiwan has set a target of 20% (vs 8.3% now) renewable energy (Wind+Solar) generation by 2025.

Taiwan BESS Total Addressable Market¹

2023: NT\$10b (A\$500m)

2026: NT\$20b (A\$1b)

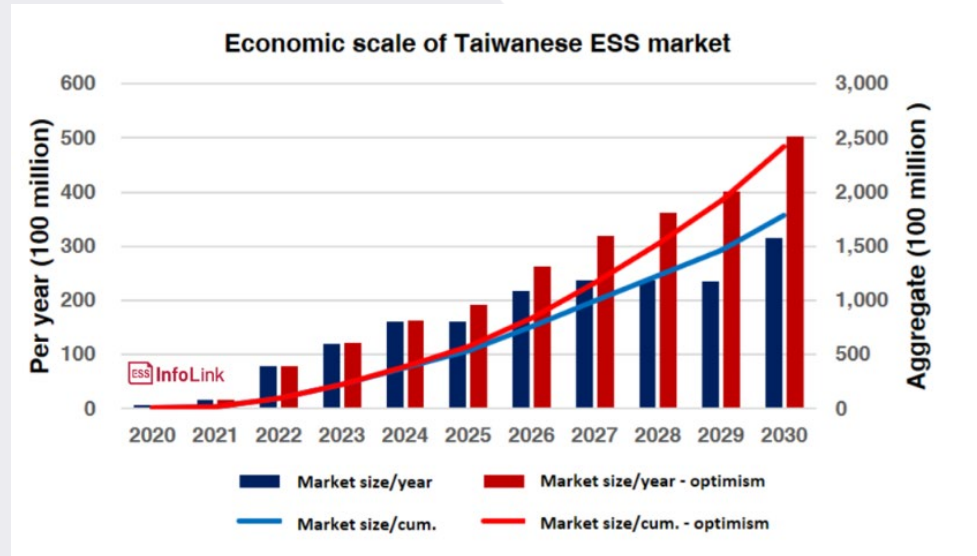
2030: NT\$ 200b (A\$10b)

EMS software represents 2-3% of total spending equating to

A\$15m in 2023

A\$30m in 2026

\$300m in 2030



GreenRock has 300MW in deployment which is approx. A\$285m of BESS and A\$8.5m of EMS

1. <https://www.infolink-group.com/energy-article/Taiwan-could-hit-20-GWh-energy-storage-and-200-bn-economic-scaleby-2030>

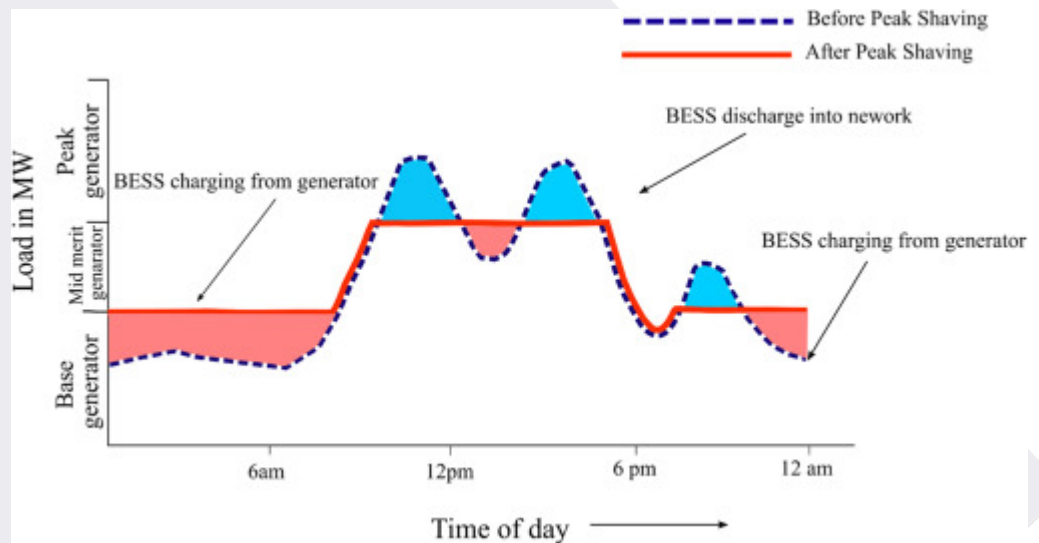
BESS typical use case

The charging period

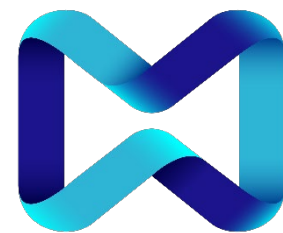
During this period, the batteries of the energy storage unit store electricity from the grid or embedded renewables. The EMS intelligent software integrated within the energy storage system ensures that the batteries are charged during off-peak intervals or when excess energy is produced on-site through renewable sources such as solar.

The discharging period

In times of peak, the stored energy in an ESS is used. Battery Energy Storage Systems are especially effective because of the quick response time that they offer. With the help of the EMS intelligent control software, the battery discharges when grid prices rise or when local demand spikes.



**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 glance² - 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 ¹	(2.2)	(2.3)	-3%
Adjusted EBITDA ¹	(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%

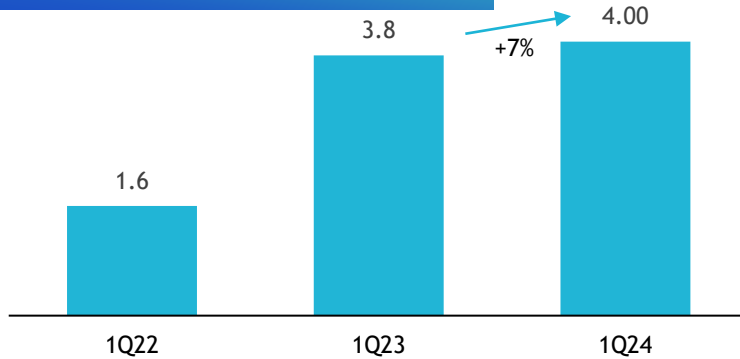
“The company strategy is to secure enterprise customers and extend into their addressable market to drive high volumes of repeat sales”

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

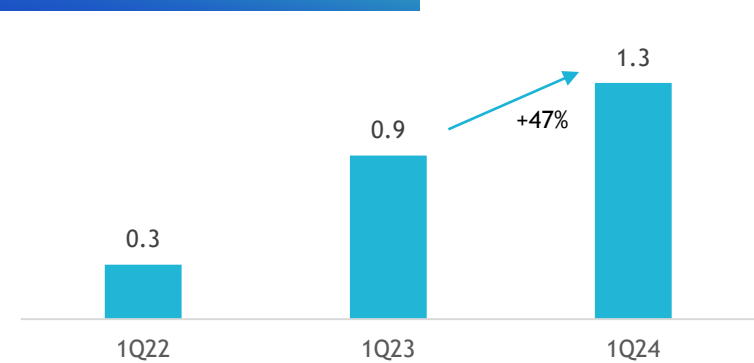
Revenue (\$M)

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



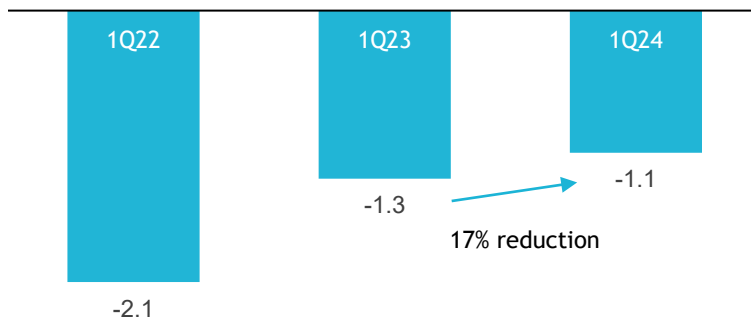
Gross profit (\$M)

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



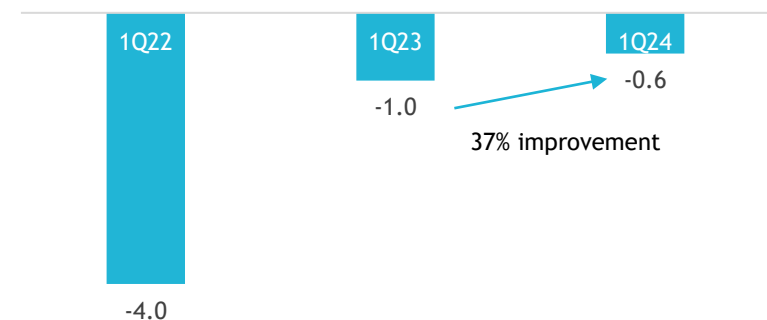
Net cash burn from operating activities

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



Adjusted EBITDA

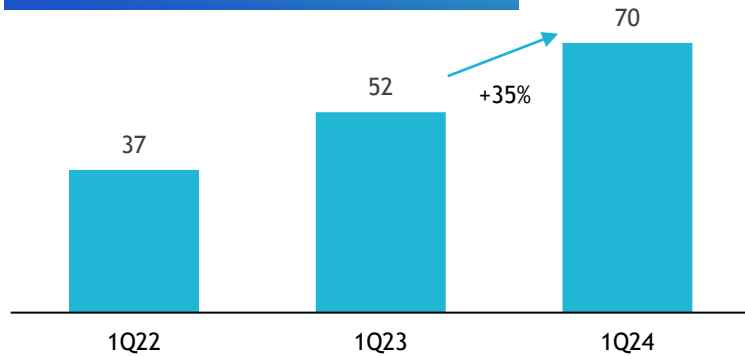
1Q24 Adjusted EBITDA loss of \$0.6m,
an improvement of 37% on pcp



Business metric trends

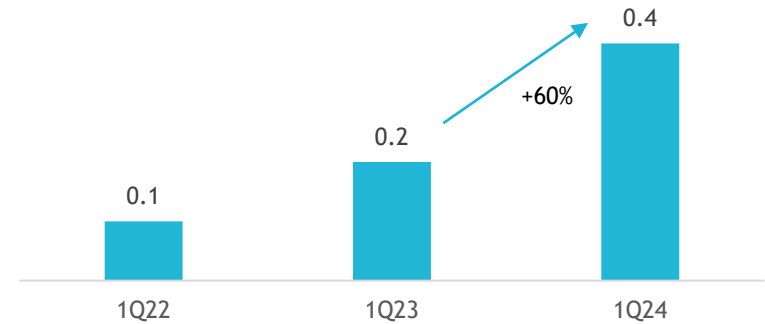
Enterprise and government customers

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



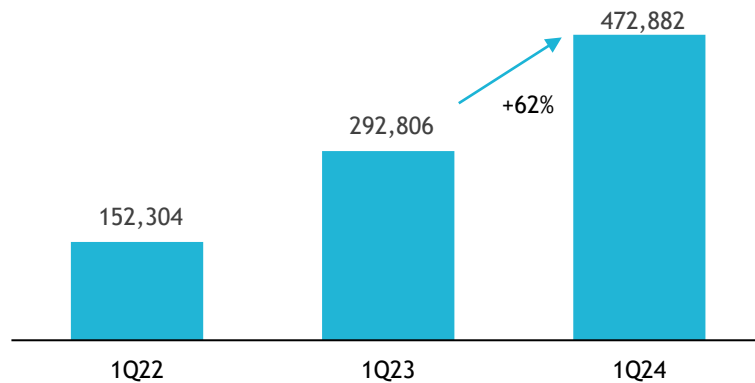
SaaS and maintenance revenues

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



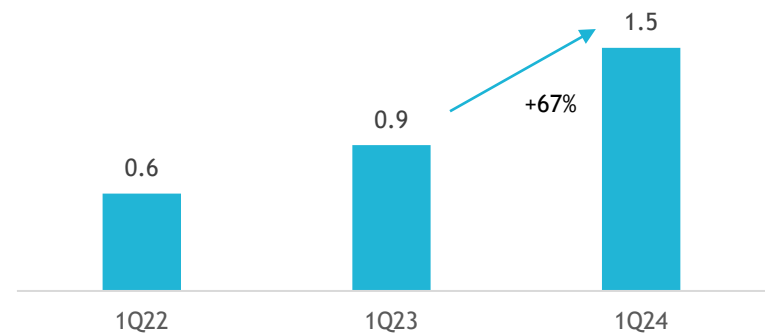
Connected devices

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



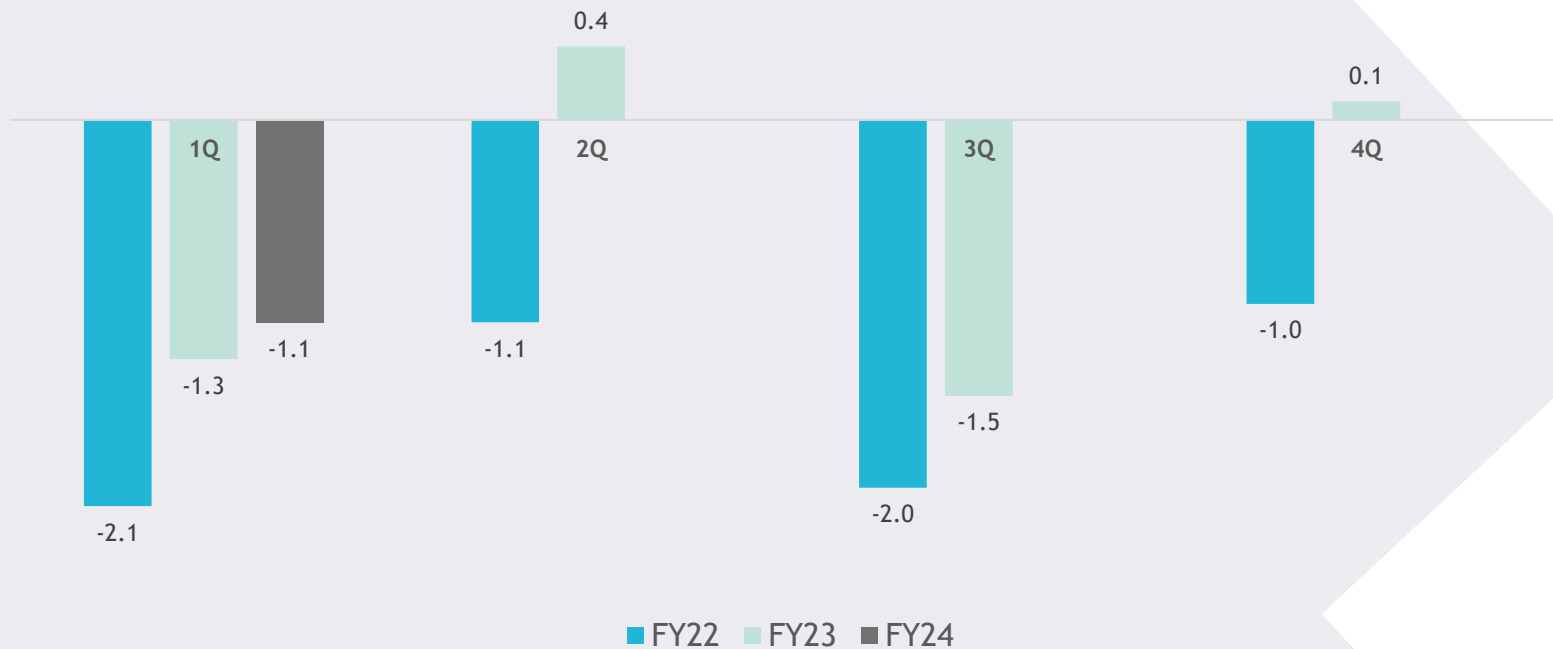
Annualised recurring revenues (ARR)

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.

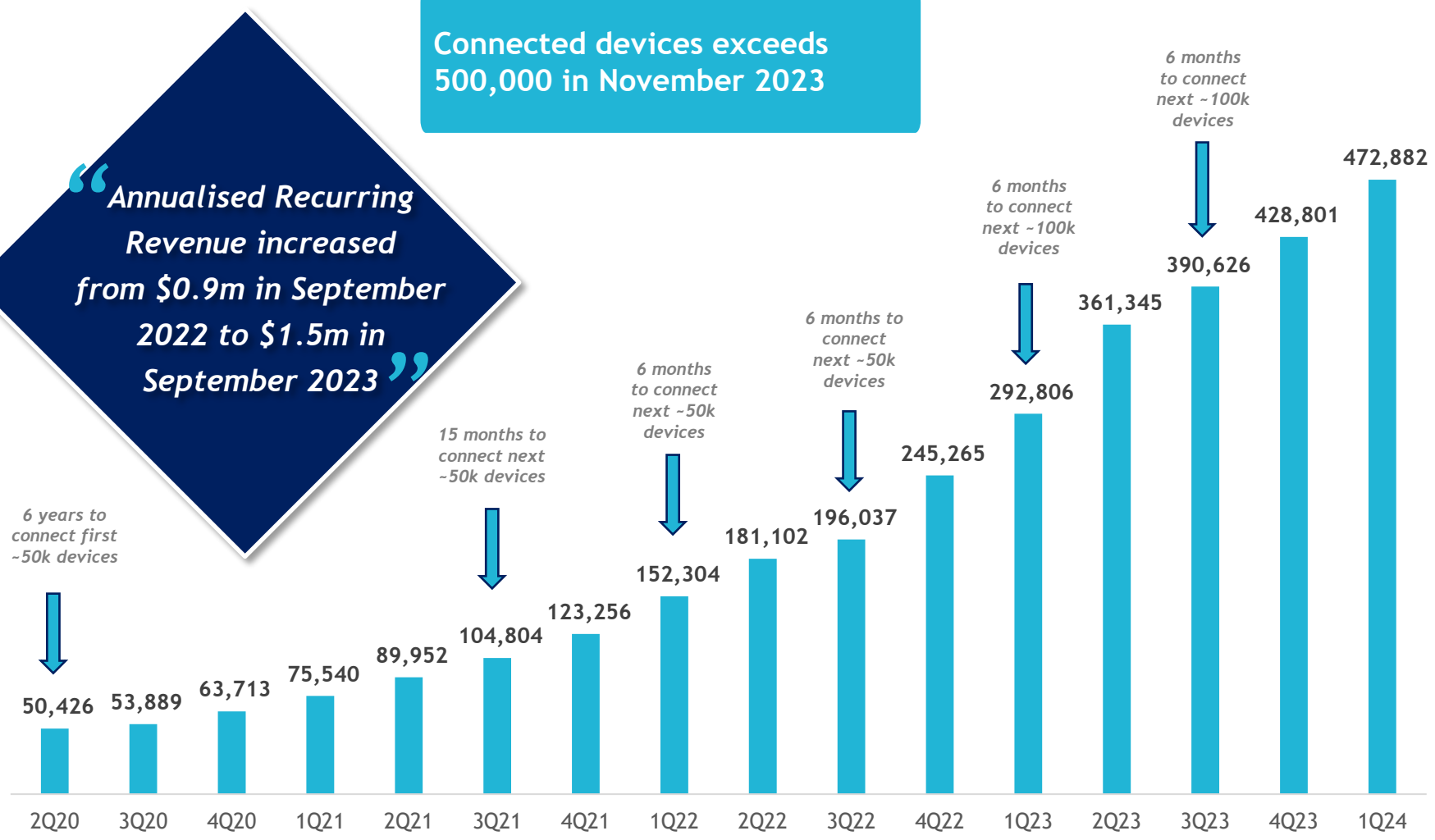


Historical momentum is good

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”

Connected devices exceeds 500,000 in November 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 households¹ .
Revenue potential >\$500m

Annual recurring revenue potential across existing customers² :
Approximately \$40m per annum

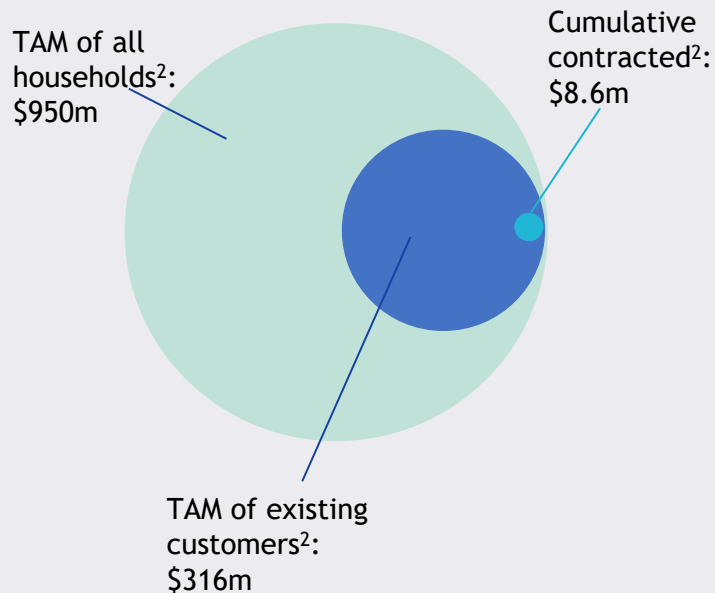
>50% of customers placing repeat orders

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

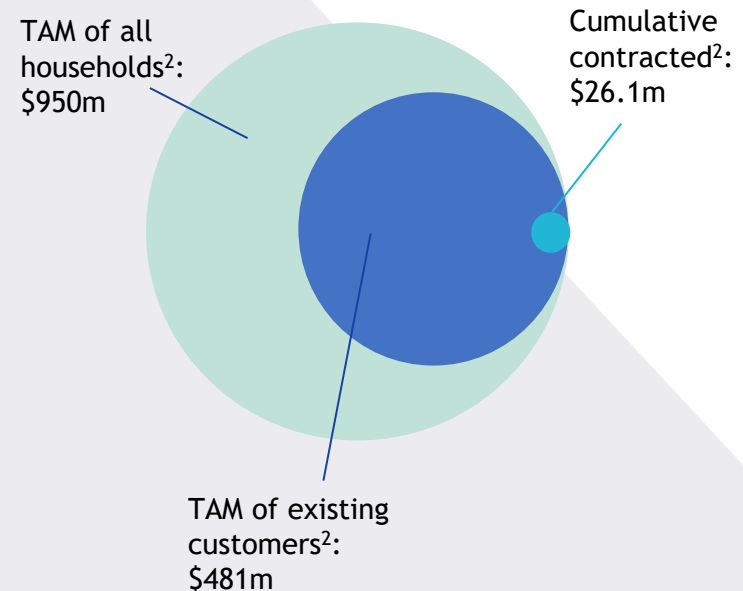
X2M is diligently penetrating its customer base - South Korea example

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

-  Energy management system solutions 
-  Australia - Smart communities and smart agriculture 
-  Middle East - Gas distribution and management 
-  India - gas and energy management  

Board and senior management team



Hon. Alan Stockdale AO
Non-Executive Chair

- Currently Emeritus Counsel of Medical Research Commercialisation Fund and Chairman Knosys Limited (KNO.ASX)
- Previously treasurer of Victoria, as well as Investment banking at Macquarie



Keith Jelley
COO

- 9 years in the X2M business
- 40 years of development and operations experience across 9 countries in military, telecommunications and embedded systems industries



Mohan Jesudason
CEO and Managing Director

- 10 years leading the X2M business
- Previously Managing Director Gaming at TABCORP, led Telecom NZ mobiles business and grew AXA/AMP to leading positions in the market



Yongsun Kim
MD Korea

- Previously CEO of Kathrein Korea and Country Manager of NextWindow



Damien Johnston
Non-Executive Director

- Formerly CFO of Tabcorp
- Held several senior finance roles at BHP
- Fellow of CPA Australia and a Member of the Australian Institute of Company Directors



Steve Fang
MD Greater China

- 20 years of experience with Splunk, VMWare, Huawei, Delta Electronica and Ericsson



John Stewart
Non-Executive Director

- Extensive Investment banking experience at Gresham, Lazard & JP Morgan
- Founder and Managing director at Health&
- Bachelor of Laws (Honors), Bachelor of Commerce from the University of Melbourne

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 15 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

