



ASX Announcement | 5 August 2024

Term Sheet secured for licensing agreement for X2M platform in the Middle East

Highlights

- X2M Connect signs Term Sheet with Dicode Technologies LLC for a license to use X2M's 'Vision by X2M' utility solution in the Middle East for 10 years
- Dicode Technologies LLC has an obligation to exclusively use X2M's platform
- Dicode Technologies LLC will provide 'Metering as a Service' to gas utilities in the United Arab Emirates
- X2M Connect anticipates around A\$0.4 million EBITDA per annum for every 100,000 smart devices installed on the 'Vision by X2M' utility solution in the Middle East
- Considerable market opportunity with UAE population of 10 million across 2.5 million dwellings with potential opportunities across the gas, water and electricity sectors
- UAE to be an initial entry point to the broader Middle East market, which is expected to present a significant market opportunity
- Dicode Technologies LLC is based in Dubai, their 'Metering as a Service' is new to the Middle East and subsidiaries will be established in each country of operation beyond the UAE

Australian Internet of Things (IoT) technology company **X2M Connect Limited** (ASX:X2M) ("X2M" or "the Company") has signed a Term Sheet with Dicode Technologies LLC (Dicode) to license the X2M Utility platform, 'Vision by X2M', for the Middle East, starting with operations in the United Arab Emirates (UAE).

X2M and Dicode partnered in January 2024 to explore opportunities for X2M's platform in the Middle East (ASX investor presentation 28 February 2024). The parties identified gas utilities as a prime sector to target, selecting the UAE as the ideal entry point to launch X2M's platform into the region. The UAE has mandated smart gas metering for new piped gas installations.

Dicode has introduced 'Metering as a Service' into the UAE gas industry. Under this Term Sheet, Dicode will use 'Vision by X2M' as the only platform in their Metering as a Service offering. The term of the agreement is for ten years. Dicode intends to expand this offering beyond the UAE into the broader Middle East region.

X2M CEO Mohan Jesudason said: *"This Term Sheet forms the backbone of our strategy to launch our world-leading IoT platform in select markets throughout the Middle East. From its base in Dubai, Dicode will source 'Meter as a Service' contracts with gas utilities and install and manage digitised meters using our market-leading platform for the next 10 years."*

"With a population of 10 million across 2.5 million dwellings, over four million water and electricity meters and an estimated 500,000 piped gas connections in Dubai alone, the UAE is the logical entry point into the Middle East for X2M."

"The UAE Government has mandated piped gas be fitted to all new buildings to transition away from bottled gas. With only 7% market use of 'smart' gas meters and a heavily fragmented gas market with many small gas companies, the market opportunity is considerable."



“This is a high-margin software licensing agreement and we expect around A\$0.4 million EBITDA per annum for every 100k smart devices that are installed on the ‘Vision by X2M’ utility solution.

“Our unique platform will provide the digital infrastructure needed to facilitate the transition to smart cities into the whole region by digitising and integrating seamless two-way communication between property, industry and government organisations on one centralised platform.”

Dicode CEO Satish Chandran said: *“The Middle East market represents a significant opportunity for utility digitisation. Dicode’s bundled Meter as a Service offering is new and unique to the region with X2M’s proprietary platform being a core enabler to our offering. Early market acceptance has been most encouraging with a number of leading utilities progressing early deployments. It is our intention to expand this offering beyond the UAE in the near term.”*

The X2M platform will provide the ability to monitor and control gas and other meters and eliminate expensive manual reading as well as delivering large amounts of data for artificial intelligence and analytic applications.

In addition to the UAE, the Middle East market is very large with countries such as Saudi Arabia having around eight million dwellings mostly supplied by bottled gas and a burgeoning water market as new connections are introduced.

The agreed X2M revenue structure under this Term Sheet will be:

- Upfront charges for initial access to its platform, with additional charges for second and subsequent installations;
- An annual per instance licensing fee;
- An annual per device monitoring fee for a period of 10 years; and
- Additional charges for customisation and ad hoc support services

The Term Sheet agreement with Dicode is material to X2M as it establishes a key strategic partner and customer for X2M. The agreement with Dicode is for a period of 10 years. The parties expect to execute a definitive agreement, which must include the terms set out in the terms sheet, in the near future. There are no material conditions that need to be satisfied before the partners proceed with the terms of the agreement. There is no other material information relevant to assessing the impact of the commercial agreement on the price or value of the Company’s securities.

The Board of X2M has approved this announcement.

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About X2M Connect Limited

X2M Connect Limited (ASX:X2M) is an Australian technology company that has developed and commercialised a patented proprietary Internet of Things (IoT) solution which delivers productivity improvements, cost savings and improved public safety to enterprise and government clients in the utilities sector. The strategy is to stay focused on the utility sector where X2M has proven performance and tap the growing artificial intelligence, renewable energy generation and battery storage markets' demand for data collection, analytics and device control.

X2M's technology connects devices such as water, gas and electricity meters and other utility sensors to the internet, enabling data exchange and the remote control of these devices. The collection of large volumes of data from meters or sensors and our ability to go back and control devices also provides the basis for artificial intelligence or machine learning applications to build upon our platform. The Company generates revenue from the sale of hardware and monthly subscription fees under Software as a Service arrangements.

X2M now has more than 530,000 devices connected to its IoT platform and distributed intelligence solution, providing real-time information and control to a steadily increasing customer base operating over multiple communications technologies.

X2M's current focus is on servicing the utility sector in the Asia-Pacific region, where it has a significant number of government and enterprise customer relationships already in place. The addressable market across the region is large and importantly, the addressable market within X2M's existing customer base is also large with penetration growing. Going forward, X2M will look to continue its global expansion, with subsidiaries already operating in Japan, South Korea, Taiwan and, most recently, China.

X2M is now extending its focus into the Middle East by licensing its platform to Dicode, a Dubai based business.

To learn more about X2M click here: www.x2mconnect.com or follow us on [LinkedIn](#).