



ASX Announcement | 19 August 2024

X2M Connect Limited (ASX:X2M)

X2M announces \$2 million entitlement offer to fund new markets and renewables

Investment Highlights

- X2M launches \$2.0 million Entitlement Offer to fund the scaling up of business development activities, new market entry, and ongoing operations as X2M prepares to upscale its business footprint with geographic expansion
- Licensing its proprietary platform for use in delivering services in the Middle East, with United Arab Emirates as initial entry point
- Capturing a share of the growing renewable energy generation and battery storage market
- Australian footprint to be expanded as smart communities in Echuca and Yarrawonga near rollout
- Evaluating entry into the Indian market for opportunities in the digitisation of the electricity and gas markets
- \$2.0 million non-renounceable 1 for 7 Entitlement Offer of approximately 50 million New Shares at an issue price of \$0.04 per New Share

Australian Internet of Things (IoT) technology company **X2M Connect Limited** (ASX:X2M) (“X2M” or “the Company”) has launched a non-renounceable Entitlement Offer (“Entitlement Offer”) to raise up to \$2.0 million.

X2M CEO Mohan Jesudason said: *“The Company’s current established businesses represent a significant addressable market which we are methodically harvesting. This creates the opportunity to take our business to a higher level by targeting new markets we are familiar with. With strong momentum in the business and significant growth opportunities in front of us, we now have the opportunity to transform X2M. Importantly, this will accelerate our move to a larger software entity without diverting from our journey to achieve profitability in the near term.*

“Our strategy is to continue to stay focused on the utility sector where X2M has proven performance and to tap the growing artificial intelligence, renewable energy generation and battery storage areas of this market with our proprietary data collection platform.”

Entitlement Offer

The non-renounceable Entitlement Offer will raise up to \$2.0 million through the issue of up to 50 million New Shares. Proceeds of the offer will be used to fund scaling up business development in Australia, market entry into the Middle East and India, renewable energy platform customisation, customer support and ongoing operations.

Eligible Shareholders are entitled to subscribe for 1 New Share for every 7 Shares held as at the Record Date, being 22 August 2024, at an issue price of \$0.04 each.



The closing date and time for acceptances and payments is 5.00pm AEST on 10 September 2024. New Shares under the Offer will be fully paid and rank equally in all respects with Existing Shares from allotment. The full timetable for the Entitlement Offer is shown below.

Middle East market entry

X2M recently advised (ASX announcement 5 August 2024) it had signed a Term Sheet with Dicode Technologies LLC (Dicode) to license its proprietary platform “*Vision by X2M*” for use in the Middle East. Key points are:

- Dicode to provide “Metering as a Service” in the United Arab Emirates (UAE)
- Initial point of entry is the UAE gas sector followed by expansion into the broader region including Saudi Arabia and Oman
- Considerable market opportunity with a UAE population of approximately 10m across 2.5m households. Saudi Arabia and Oman expands this in excess of 30m individuals and 10m households
- Term is for 10 years
- Dicode is obligated to exclusively use X2M’s platform for the term of the arrangement
- X2M’s offer is solely software and high margin focused with each 100,000 gas meters connected onto the platform expected to yield approximately \$400,000 in EBITDA
- First revenues are expected during the first half of this financial year.

Renewable energy market

X2M previously announced (ASX announcement 29 January 2024) it had entered into a strategic agreement with GreenRock Energy Co., Ltd, a Taiwanese renewable energy generation, battery management and energy trading company. With the foundation work completed and platform development work substantially progressed, X2M is ready to scale up its business development activities in the region.

X2M previously announced Smart Communities offered through land and property developers bringing together domestic solar, home energy management and community battery storage. Customer benefits include materially reduced energy costs, more effective use of solar energy and a reduction in domestic carbon emissions. Product and platform development is now sufficiently advanced that X2M proposes to commit resources to business development activities. Initial revenues are expected in this financial year.

Indian market entry

X2M has over the past 12 months undertaken due diligence on the Indian market, concluding this is an attractive market worth exploring to map out a domestic market entry strategy. Some key attractions of this market include:

- English the first language alongside Hindi.
- Government incentives to digitise around 250m electricity meters over the next three to four years.
- A very large addressable market with a population in excess of 1.3 billion.



The funds to be allocated to this project are modest and therefore present a low level of risk if the initiative does not proceed. The upside, however, can be significant.

Entitlement Offer timetable

Activity	Date
Announcement of Offer Lodgement of Appendix 3B with ASX Lodgement of Offer Letter with ASX	19 August 2024
Record Date for the Offer	22 August 2024
Offer Document despatched to Shareholders Company announces the despatch has completed Opening Date for Offer	27 August 2024
Last day to extend Offer closing date	6 September 2024
Closing Date of the Offer	11 September 2024
Announcement of results of Offer	17 September 2024
Lodge Appendix 2A for Securities issued under the Offer	17 September 2024
Quotation of Shares issued under the Offer	18 September 2024
Expected despatch of holding statements	19 September 2024

These dates are subject to change and are indicative only. X2M reserves the right to amend this timetable including, subject to the Corporations Act and the Listing Rules, to extend the Closing Date.

Ends

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 communication 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](#).