

Shareholder Update

October 2024

Business Update

Key highlights

- X2M now in Horizon 3 of its strategy: *Transform - position for data explosion & AI* while leveraging current markets
- Integrations progressed for opportunities in the Middle East, India and USA - X2M's next target markets
- \$1 million loan secured and entitlement offer shortfall to be placed in next three months
- Cost reduction and cash conservation initiatives in place

Middle East initiatives

- Entered Middle East market through a channel agreement with Dicode with focus on software revenues
- Dicode associates now hold a 6% stake in X2M
- Initial market is the United Arab Emirates (UAE) with an addressable market of over 4 million meters
- Dicode launches its bundled “Metering as a Service” offer at the WETEX exhibition in Dubai in partnership with X2M and InfraX which is the communication arm of the Dubai Electricity and Water Authority, a Government-owned organisation
- First deployments set to commence in the UAE with revenues expected this financial year

Australia, India and USA

- All three markets emerging as significant opportunities for X2M supported by solid local partners
- Business model is software centric with initial integrations completed or well advanced
- X2M applications span the water, electricity, gas and renewable sectors
- Trials to be completed this financial year with scalable commercial deployments and associated revenues expected in the FY26 financial year

Cost reductions and cash conservation

Cost reduction

- Exit from low-margin hardware sales as previously announced
- Centralised deployment functions have been automated and devolved to the countries
- Scale is driving lower manufacturing costs
- FY24 results showed a 7% reduction in operating expenses from FY23
- It is expected that FY25 will deliver a further 10% or more reduction inclusive of new market entry costs

Cash conservation

- In mid FY24, X2M announced a cash conservation initiative whereby directors, CEO and COO substituted securities for a portion of their cash remuneration (directors:50%, CEO,COO:20%)
- This initiative will continue for the full FY25 year subject to shareholder approval at the 2024 AGM with a cash saving of circa \$490,000

X2M is now in Horizon 3 of its growth strategy

Horizon 1

Build and commercialise



Platform built & proven
Extensive patent portfolio
Multiple geographies
Capability in place

Horizon 2

Land and expand



Large customer base & addressable market
Repeat orders become material
Connected devices growing
Recurring revenues growing
Cash burn reducing
Costs reducing

Horizon3 Transform

- position for data explosion & AI - Now Entering

Streetlighting and other applications opening up

Leverage current markets

Whole of utility data aggregation

Expand in Australia

Enter Middle East

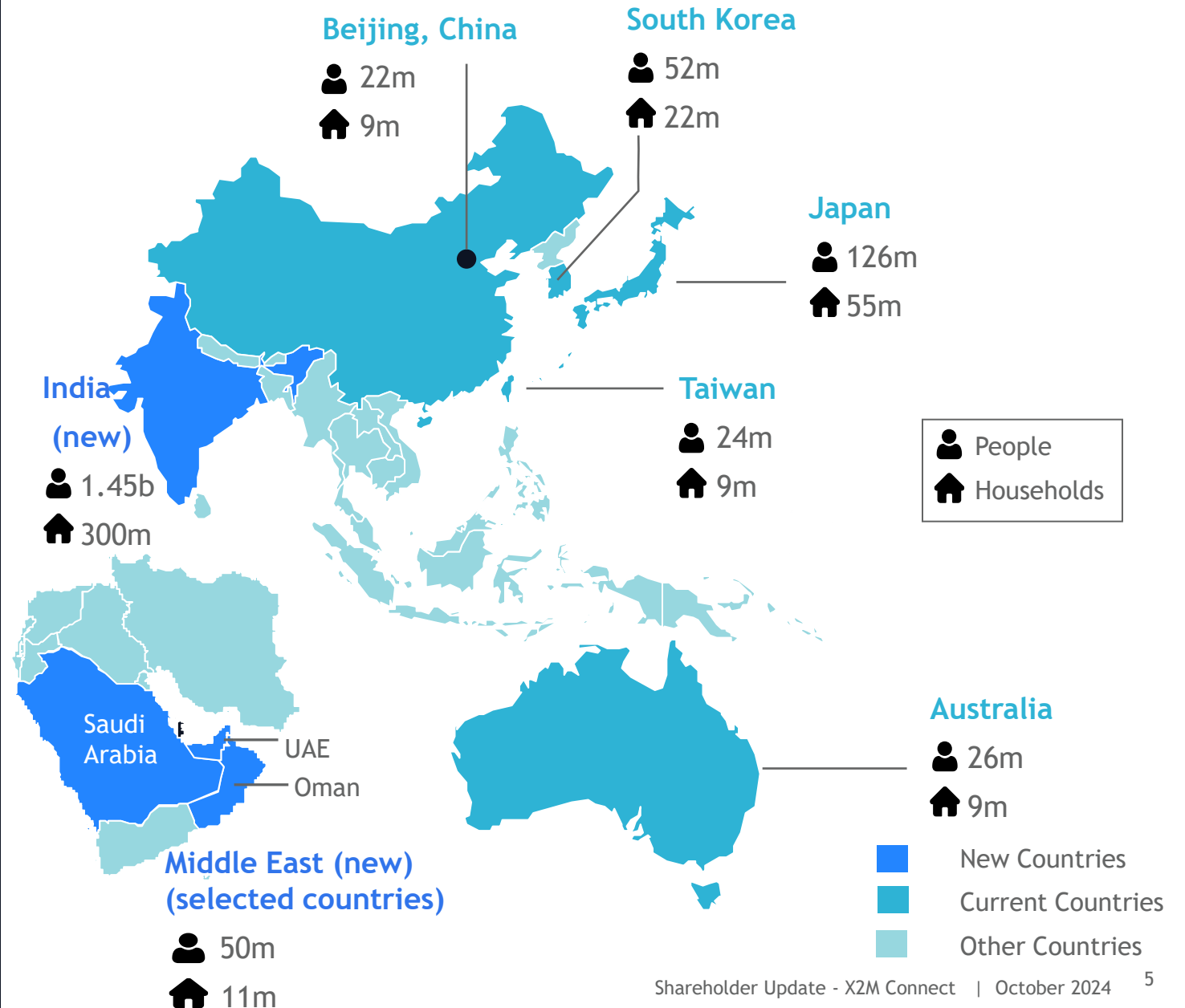
Enter India

Exploring USA entry

Addressable markets to expand materially in Horizon 3

- Expansion opportunities from new & current customers, new geographies and new applications of X2M technology
- 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
- Addressable Market in new geographies: 1.5 billion people, 311 million households
- Annual recurring revenue potential across new geographies²: Approximately \$625m per annum

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



UAE update

X2M/Dicode business model

- Dicode offering “Metering as a Service” including gas meter, communications and X2M platform
- X2M contracted for software-based SaaS business model with each 100k devices added expected to generate future annual EBITDA of approx. A\$0.4 million

UAE product offering

- Dicode officially launched its gas meter as a service offering in Dubai at the WETEX exhibition
- Dicode partnering with X2M Connect and InfraX to deliver its services
- InfraX is the communication arm of the Dubai Electricity and Water Authority, a Government-owned organisation responsible for all of Dubai water, electricity and extensive solar operations
- X2M, Dicode and InfraX collectively targeting an addressable market of more than 4 million meters

Deployment

- Technology integration complete
- Initial deployment of gas meters for 6 large apartment sites across several gas companies set to commence

Substantial interest from Middle East target markets at WETEX

The Water, Energy, Technology, and Environment Exhibition (WETEX), organised by Dubai Electricity and Water Authority (DEWA), aligns with Dubai's vision to build a sustainable future for the Emirate. It is held annually under the directives of His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE, and under the patronage of His Highness Sheikh Ahmed bin Saeed Al Maktoum, Chairman of the Dubai Supreme Council of Energy.

WETEX served as an ideal platform for showcasing the latest technological advancements and discussing trends in water, energy, environmental sustainability and renewable energy. It offers a unique opportunity for local and international companies to exhibit their products and services, while also fostering the exchange of best practices and expertise with participants from around the globe

- X2M garnered substantial interest from Middle East target markets including from Dubai, the UAE, Bahrain, Saudi Arabia and Oman
- Interest was shown across gas, water and electricity plus other related opportunities
- There was significant media coverage of the X2M, Dicode and InfraX partnerships

X2M and Dicode at WETEX - significant media coverage



Image Credits: Dicode Technologies | Cropped by GBN



Contact

Mohan Jesudason

Chief Executive Officer

investor.relations@x2mconnect.com

T: 1 800 926 926 (1 800 X2M X2M)

Gabriella Hold

Automic Markets

gabriella.hold@automicgroup.com.au

T: +61 411 364 382