

# CEO's Address AGM November 2024

## 5 key messages I want to convey today



X2M is being set up to be a major player in the fields of Artificial Intelligence and Enterprise Automation.



X2M's core capability is data collection and human free control of machines. An essential requirement for AI and automation



We have a large customer base, big geographic footprint and access to a large addressable market



X2M is capitalising on a global trend of digitisation and AI



The Company is driving towards positive cash flow and has the track record to deliver

## FY24 highlights



Revenue of \$13.4 million, down 17% (FY23: \$16.2 million), reflecting the Company's targeted and previously announced strategy to exit low margin hardware-only sales



Recurring SaaS and maintenance revenue of \$1.7 million, up 50% (FY23: \$1.15 million)



Gross profit \$4.9 million up 29% (FY23: \$3.8 million), reflecting profitable conditions in Japan and South Korea



Adjusted EBITDA<sup>1</sup> loss of \$3.2 million, improved 31% (FY23: \$4.6 million)



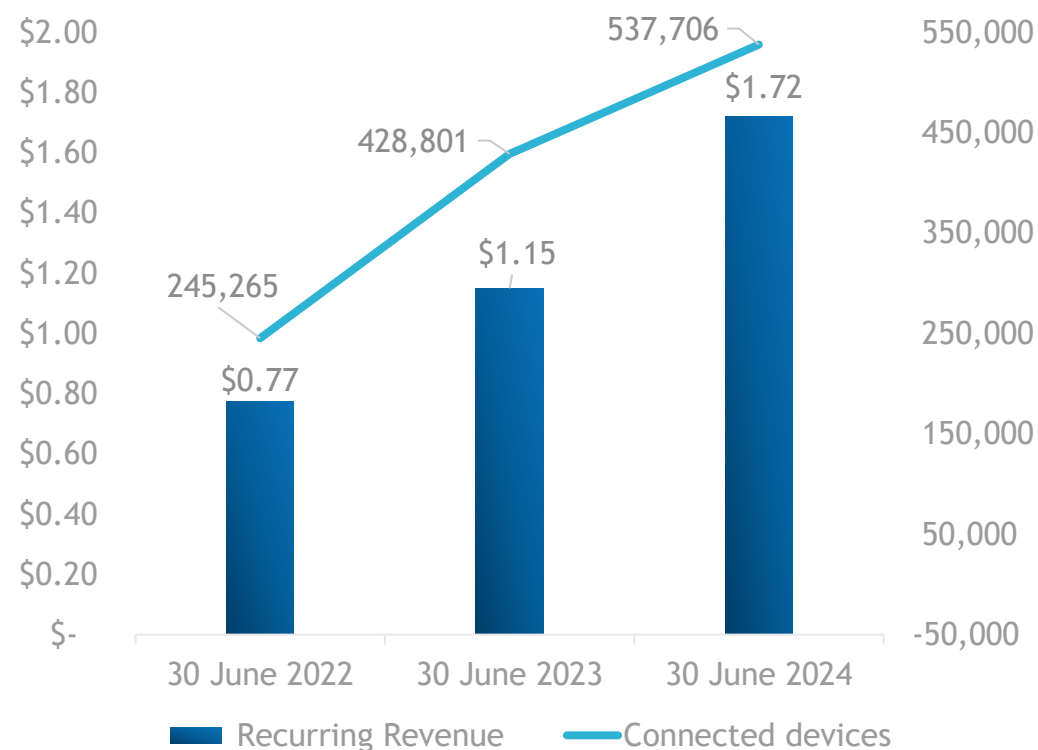
Connected devices as at 30 June 2024 were 537,706, up 25% (FY23: 428,801)  
Enterprise/government customers increased to 75, up 15%, (FY23: 64)

1. Adjusted EBITDA is a non IFRS measure and excludes Share based payments and one-off IPO expenses

# Financial Performance and Revenue Model

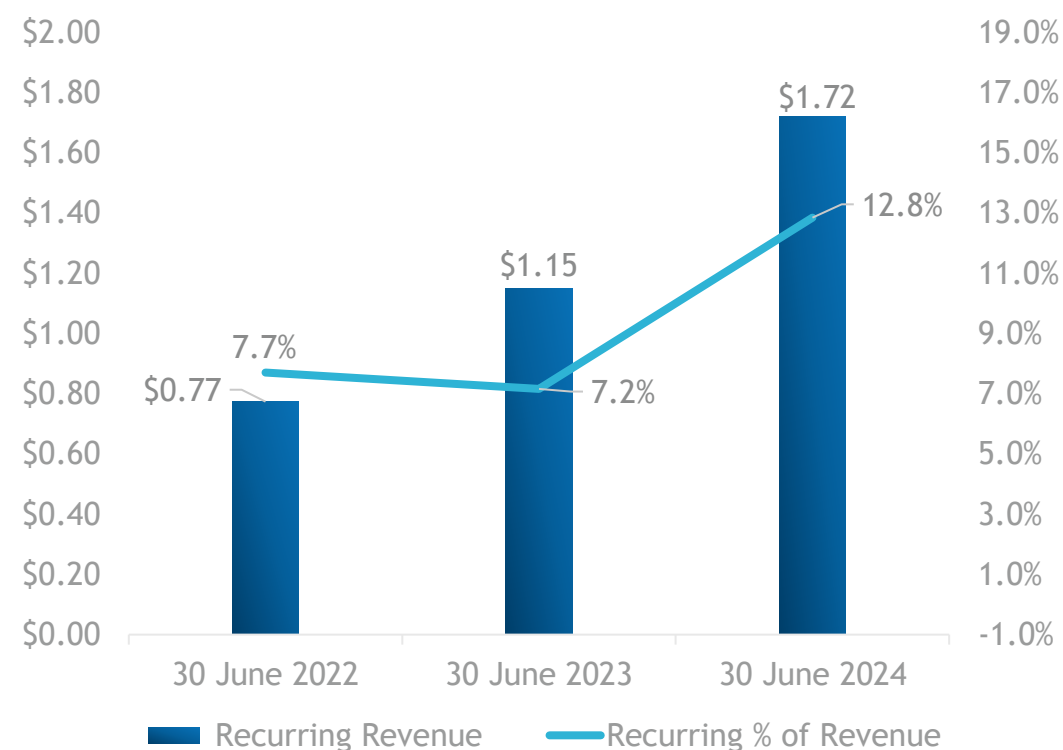
Recurring revenue is growing with number of devices and as a percentage of total revenue

Recurring Revenue (\$M) vs Connected Devices



1. Recurring Revenue consists of SaaS and Maintenance Revenue

Recurring Revenue (\$M) as % of Total Revenue



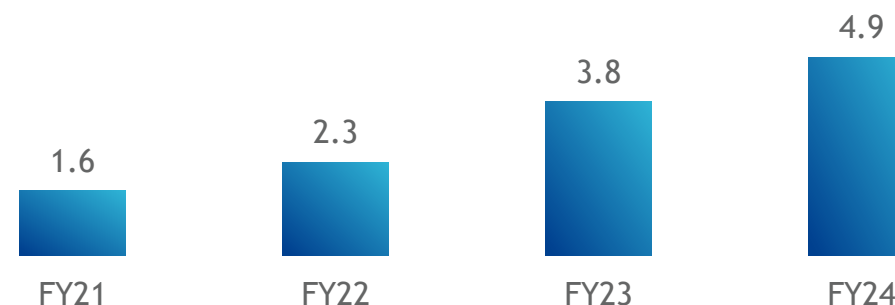
# We are driving towards positive cashflow

Growth in gross profit, recurring SaaS and maintenance revenue and flat Opex has the company on path to positive cashflow and earnings. Drop in FY24 revenue driven by discontinuation of low-margin hardware sales and focus on margin generation

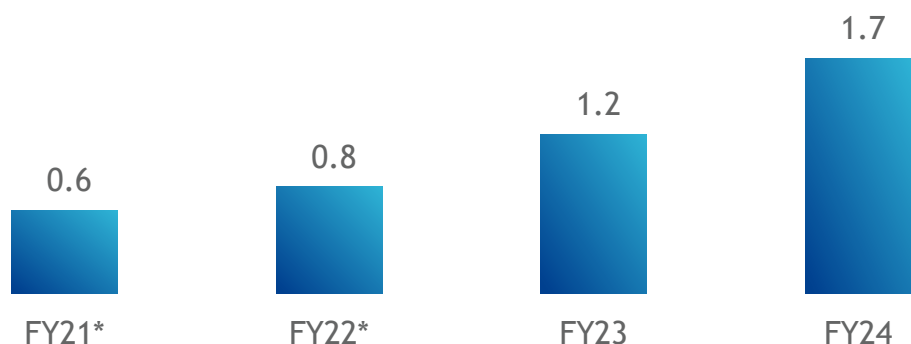
Revenue (\$M)



Gross profit (\$M)



SaaS and maintenance revenue\*



Adjusted EBITDA<sup>1</sup> (\$M)



\* FY21 and FY22 SaaS and maintenance revenue excludes Gochang hardware subscriptions

1. Adjusted EBITDA is a non IFRS measure and excludes Share based payments and one-off IPO expenses



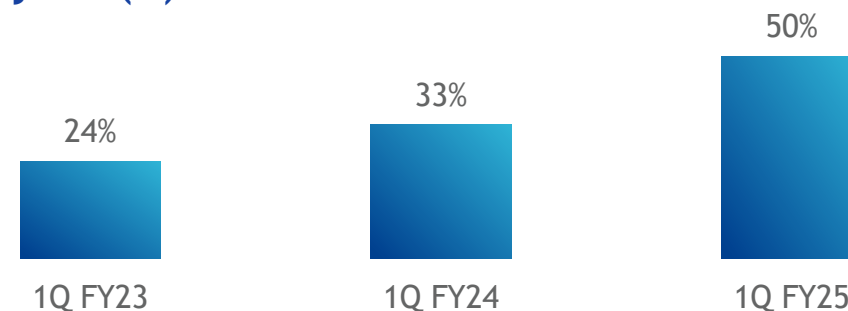
# 1Q FY25<sup>1</sup> reflects previously announced strategy to exit low margin hardware sales

## Lower operating costs and improvement in margins

### Revenue - reflects softer market in Korea and hardware exit (\$M)



### Gross margin - doubles over 2 years(%)



### Operating costs - down 23% on pcip (\$M)



### Adjusted EBITDA<sup>2</sup> - On a path to positive cashflow (\$M)



1. All FY25 data is unaudited

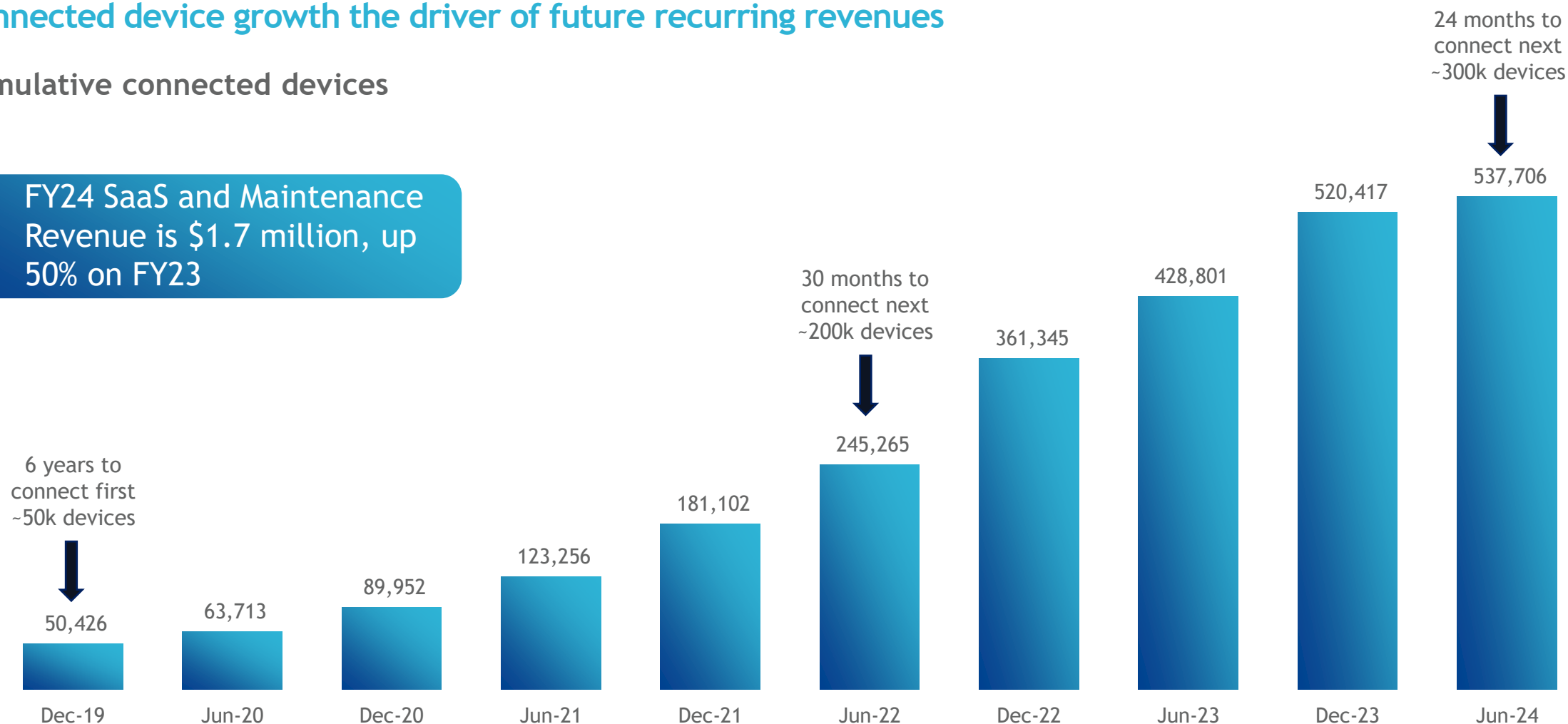
2. Adjusted EBITDA is a non IFRS measure and excludes Share based payments and one-off IPO expenses

# Customer acquisition showing strong momentum

Connected device growth the driver of future recurring revenues

Cumulative connected devices

FY24 SaaS and Maintenance Revenue is \$1.7 million, up 50% on FY23



1. Dec-19 data is from periods when X2M subsidiaries were operated by a prior owner

# X2M is now in the third horizon of its 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

Connected devices growing

Recurring revenues growing

Cash burn reducing

Costs reducing

## Horizon 3

Transform - position for data explosion & AI - Now Entering

Harvest current markets

Tap renewable energy & battery storage

Expand in Australia

Enter Middle East

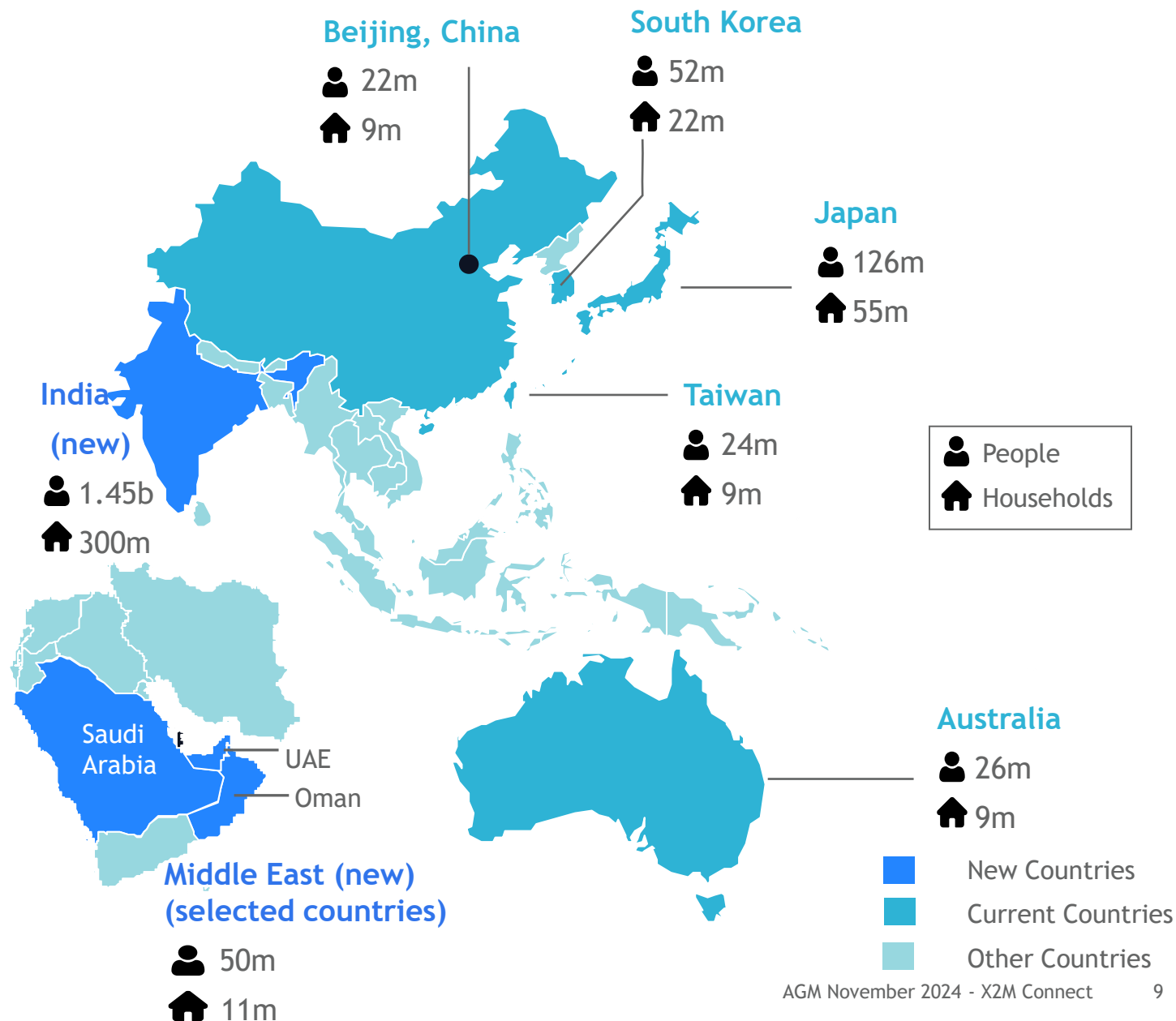
Enter India



## Addressable markets to expand materially with new market entry

- 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
- Addressable Market in new geographies: 1.5 billion people, 311 million households
- Annual recurring revenue potential across new geographies<sup>2</sup>:  
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



# Current Deployments - water in South Korea

Currently servicing 47 municipalities for water monitoring and control in South Korea

Capturing new government municipalities and repeat orders from existing customers through provision of improved:

- Billing and process automation
- Data analytics and customer profiling
- Leak detection and waste reduction
- Water quality management and public safety
- Improved service provision
- Infrastructure management

77% of FY24  
Revenue



Water meters in underground pits with added communication capability

More than  
**240,000**  
households monitored and controlled

Total addressable  
market  
\$950m hardware upfront<sup>1</sup>  
\$46m pa recurring<sup>2</sup>

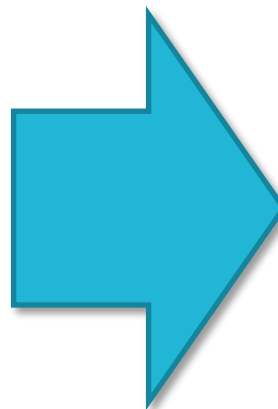
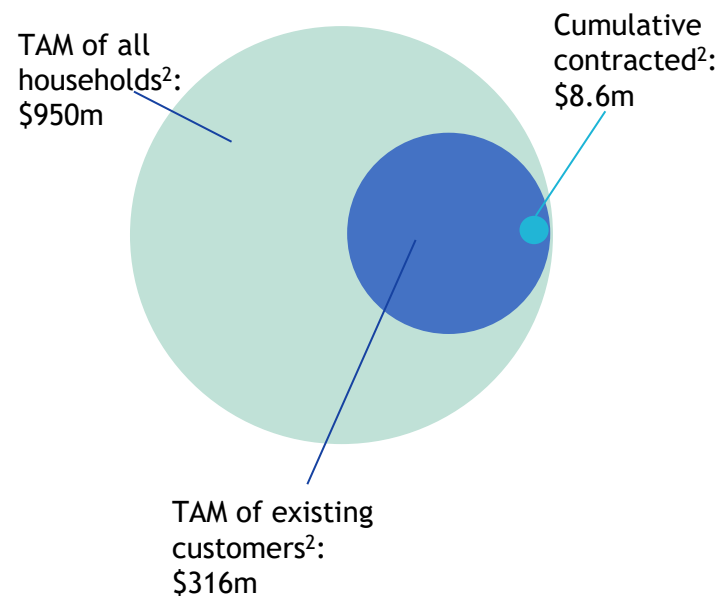
TAM of contracted  
customers  
514m hardware upfront<sup>1</sup>  
25m pa recurring<sup>2</sup>

1. Assumes customer installs X2M current bundled services to all its households and based on \$120 per unit

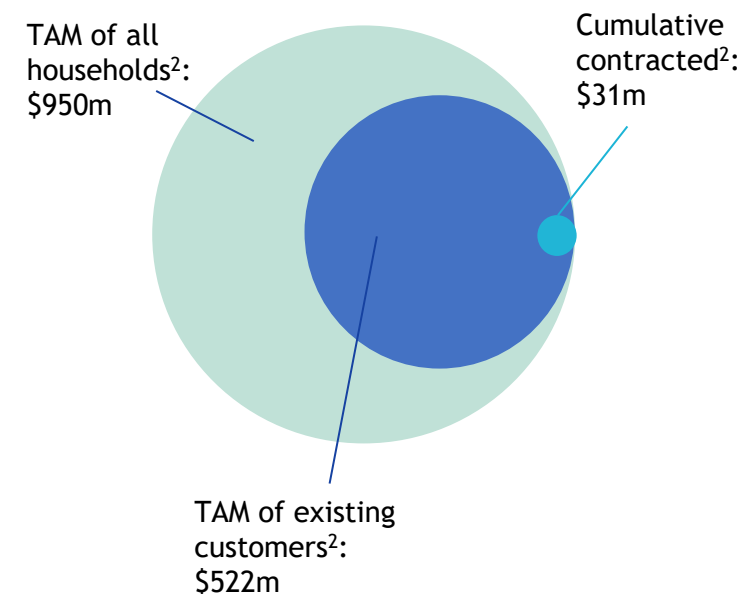
2. Assumes customer installs X2M SaaS services to all its households at \$6 per household per annum

# X2M is harvesting existing customer base - South Korea example

SOUTH KOREA MARKET - SEP 2021



SOUTH KOREA MARKET - JUN 2024



*The TAM of X2M's existing customers has increased from \$A316 million to \$A522 million in thirty three months. An increase from 33% to 55% of the total South Korean market. Contracting of the customers' TAM, on average, has increased from 2.7% to 5.9%. Despite strong growth, overall penetration of customers TAM is low and augers well for future growth*

1. Data as at 30 June 2024.

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

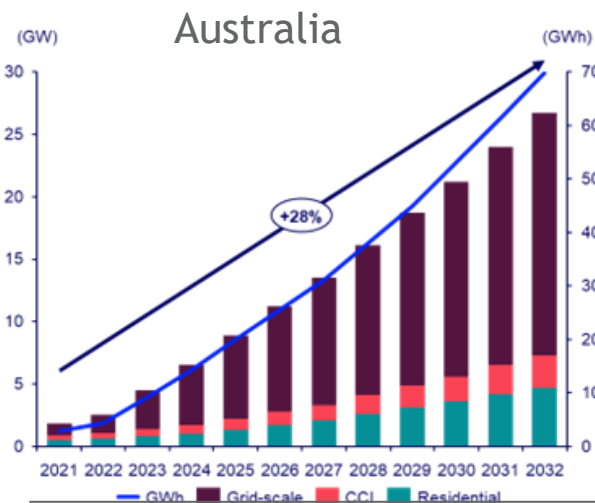
## New Vertical: Renewable Energy with GreenRock strategic partnership

- Taiwanese renewable energy generation, battery management and energy trading company
- Partnership to develop renewable energy generation and Battery Energy Storage Systems (BESS) in APAC
- GreenRock is X2M's priority battery partner for Australian Smart Communities
- X2M is the priority energy management platform provider for GreenRock
- GreenRock invested \$1.3 million in X2M. Has approximately 10% equity.

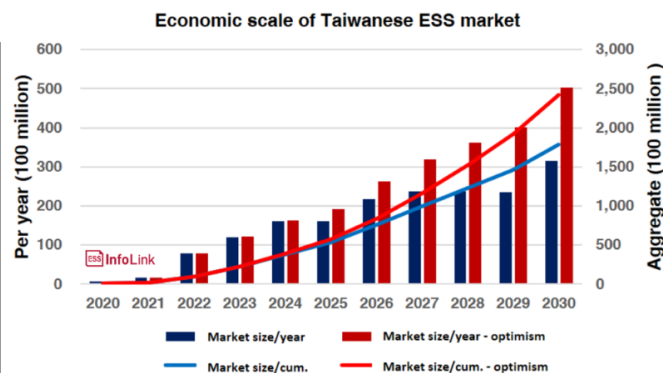




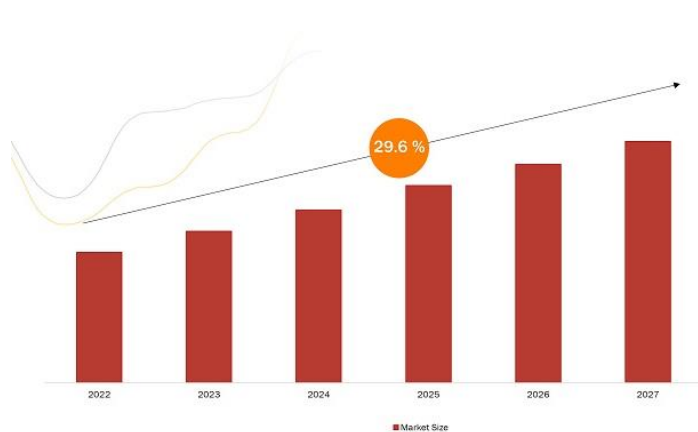
# Battery storage forecasts - underpin expansion of renewable energy strategy



“We expect a 28% increase in the country’s battery storage capacity from now until 2032,” said Kashish Shah, senior research analyst at Wood Mackenzie<sup>1</sup>



Taiwan BESS Total Addressable Market<sup>2</sup>  
 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



CAGR 29.6% expected in South Korea energy storage system market<sup>3</sup>

Japan has actively promoted the use of renewable energy sources and has set lofty targets for energy storage deployment. It has set a target of 3 to 4 gigawatts of battery storage capacity by 2030, demonstrating the government's commitment to the renewable energy sector.<sup>4</sup>

- <https://www.woodmac.com/press-releases/australia-leads-global-market-for-battery-energy-storage-systems/>
- <https://www.infolink-group.com/energy-article/Taiwan-could-hit-20-GWh-energy-storage-and-200-bn-economic-scaleby-2030>
- <https://www.marketsandmarkets.com/PressReleases/south-korea-battery-energy-storage-system.asp>
- <https://www.sphericalinsights.com/reports/japan-battery-energy-storage-market#>



# New Vertical - Smart Communities in Australia

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

End to end solution for land developers and single title operators to offer to home owners to increase sustainability:

- Monitor and control distributed energy resources devices from Hub
- Control multiple home Hubs and community resources from the central platform
- Partners operate the whole community network, VPP and trade energy

New  
Revenue  
in FY25



- ↓ Significantly reduced energy consumption
- ↑ Significantly increased use of renewables
- ↓ Significantly reduced emissions

There is a large opportunity to increase sustainability in new and legacy communities

2m  
households

Total addressable market  
\$24m pa recurring<sup>1</sup>

1. Assumes installs of X2M SaaS services to all households at \$12 per household per annum

## New Geography - gas in United Arab Emirates

Recently launched in UAE with Dicode Technologies LLC  
Expansion opportunities to Saudi Arabia and Oman

Licensed 'Meter as a Service' customer who will be delivering to multiple gas customers and where X2M provides:

- Meter digitisation
- Billing and process automation
- Data analytics and customer profiling
- Leak detection and waste reduction

The UAE model is based on a low capital, low expense, software-based SaaS business model

New  
Revenue  
in FY25



Digital gas meter with integrated LoRaWAN communications module

UAE Government has mandated piped gas be fitted to all new buildings. Smart gas meter penetration is approximately 7%

2.5m  
households

Total addressable market  
\$24m pa recurring<sup>1</sup>

1. Assumes customer installs X2M SaaS services to all its households at \$4 per meter per annum

## Near Term Expansion - electricity and gas in India

There is an immediate opportunity in electricity and likely upcoming opportunities in gas as the India government drives digitisation

01

The India government has embarked on a program to rollout 250 million monitored smart electricity meters over the next few years

02

It is expected that a similar program will also soon apply to smart gas meters

03

There are significant opportunities to participate in these rollouts via cooperation with our partners in India

04

Preparation to enter this market is at an advanced stage

05

Currently X2M is setting up integration of our platform with a large entity in India

250m  
households

Total addressable market  
\$500m pa recurring<sup>1</sup>

1. Assumes customer installs SaaS services to all its households at \$2 per meter per annum

## Priorities over the next 12 months



A return to revenue growth as we cycle comparative periods without low margin hardware sales



A move towards positive cashflow and a strengthening of our balance sheet



Revenues from new markets



Investment in Investor Relations and creation of demand

# Summary



X2M has established a solid business in our existing markets with a growing customer base, increasing margins, reduced cost base, growing recurring revenues and a path to profitability.



Activities in the Middle East, India and the USA are sufficiently advanced for X2M to commit resources to these markets. Collectively these markets represent >20% of the world's population.



X2M is expected to transform from a hardware centric organisation to a software and SaaS-based business, reflecting the Group strategy.



X2M is capitalising on a global trend of digitisation, data capture and AI in the utility and renewable energy sectors to provide momentum.



Lastly, we understand there may be investor frustration and are confident we can perform and deliver shareholder value.



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