



X2M Connect Limited
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18 April 2023

Dear Investor,

X2M has completed a placement of \$858,000 for fully paid ordinary shares in the Company.

The funds raised will be used to fund enhancements of the Company's platform to accommodate the growth expected to be driven by a range of government initiatives in Japan, Taiwan and Australia. Pleasingly, participants in the placement included a number of existing investors and new investors. Two of the participants are principals of land developers who have previously entered into non binding termsheets for the deployment of the Company's smart community energy solution in Echuca (Resi Ventures) and Yarrawonga (Riverstown Developments). It is pleasing to have support from these partners in our Australian energy management eco-system.

We are now pleased to offer all eligible shareholders with a registered address in Australia or New Zealand the opportunity to participate in a Share Purchase Plan (SPP) to acquire up to \$30,000 worth of shares at the same price as the placement. The offer price of the shares is \$0.068 per ordinary share which is a 9.3% discount to the Last Close Price of \$0.075 on 12 April 2023 and a 17.3% discount to the 30 day volume weighted average price of \$0.082. The SPP booklet and a personalised Application Form will be dispatched to all eligible shareholders on 18 April 2023 and should be read in full by shareholders wishing to participate in this offer.

The Company would like to provide shareholders with the following:

- A background to this capital raise; and
- An update on trading performance.

Why this raise?

Government initiatives in Japan, Taiwan and Australia are expected to drive an acceleration in connected devices onto the X2M platform in the near term. Specifically:

- In Japan, the Ministry of Economy, Trade and Industry have announced a JPY 13.8b (approximately \$AUD 150m) subsidy programme would be launched for strengthening and modernising delivery of LP Gas, including support for the deployment of smart meters and associated infrastructure;
- In Australia, a number of State and Federal funding programmes have been announced in the energy management sector (where X2M is active) including solar, battery and renewables subsidies, and regional development support;
- In Taiwan, after 2-years of field trials, Taipei Water will commence a 50,000 smart water meter deployment for CY2023 and a total of 1.6m meters through to CY2033 at up to 250,000 per annum. X2M is one of the qualified participants following the field trials.

The above provide encouraging tail winds for X2M. Funds from this placement and the SPP will be used to enhance the capacity of our leading IoT platform to enable it to scale up the capacity for connected devices, SaaS revenues and to further develop the Company’s energy management solution for deployment in the residential and agriculture sectors as we move to a net zero environmet.

Trading update

As previously announced, the Company delivered a record half year on all its key business metrics . These are set out in figure 1 below.

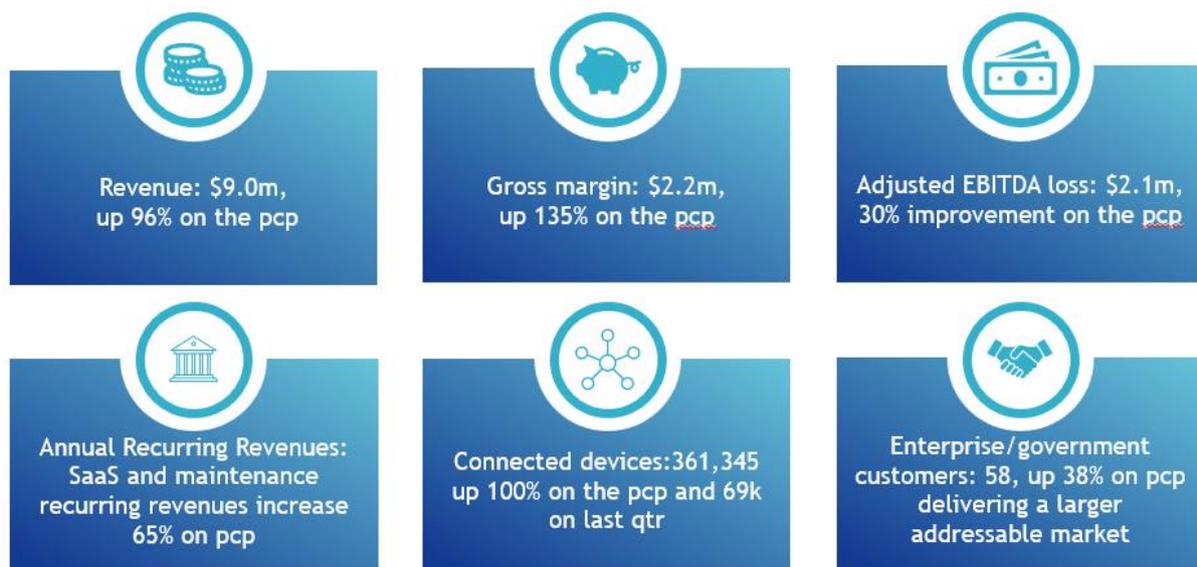


Figure 1: 1H23 Key Metrics

Pleasingly the half year momentum has continued into Q3 with unaudited quarter revenue of \$4.1m representing 170% growth on the prior comparable period (pcp). This takes total revenue for the first three quarters of FY23 to \$13.1m, up 114% on the pcp. Figure 2 below shows consistency of performance over the last 3 quarters.

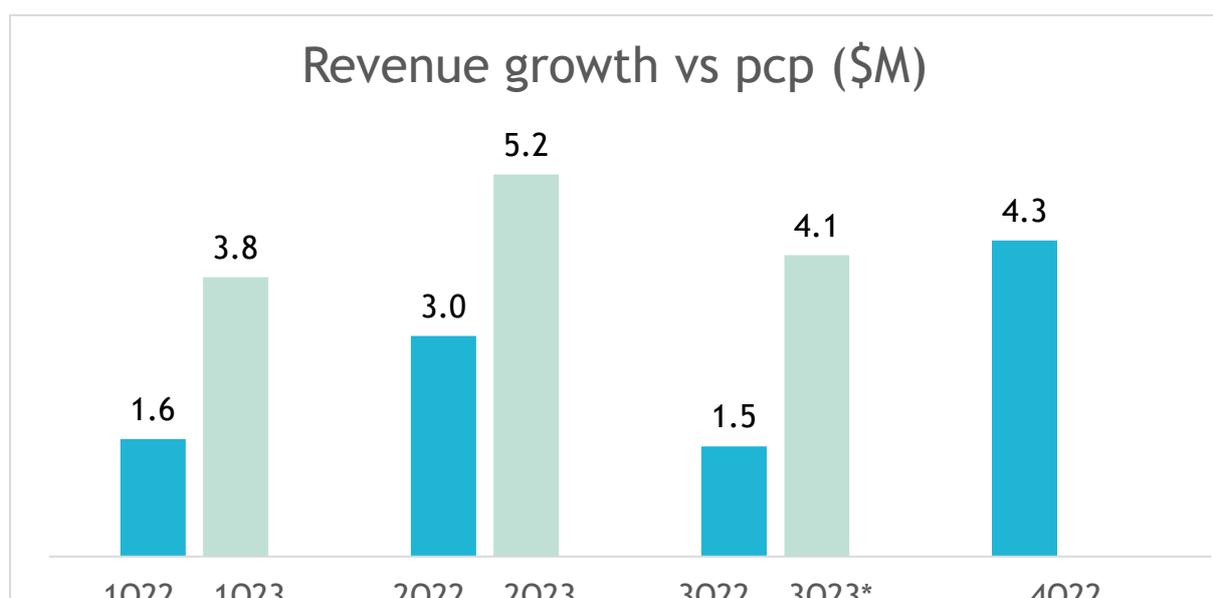


Figure 2: Quarterly Revenue Growth

Importantly results to date, sets the Company on a clear path to profitability with both revenue and margin growth significantly out stripping cost growth as shown in Figure 3 below.

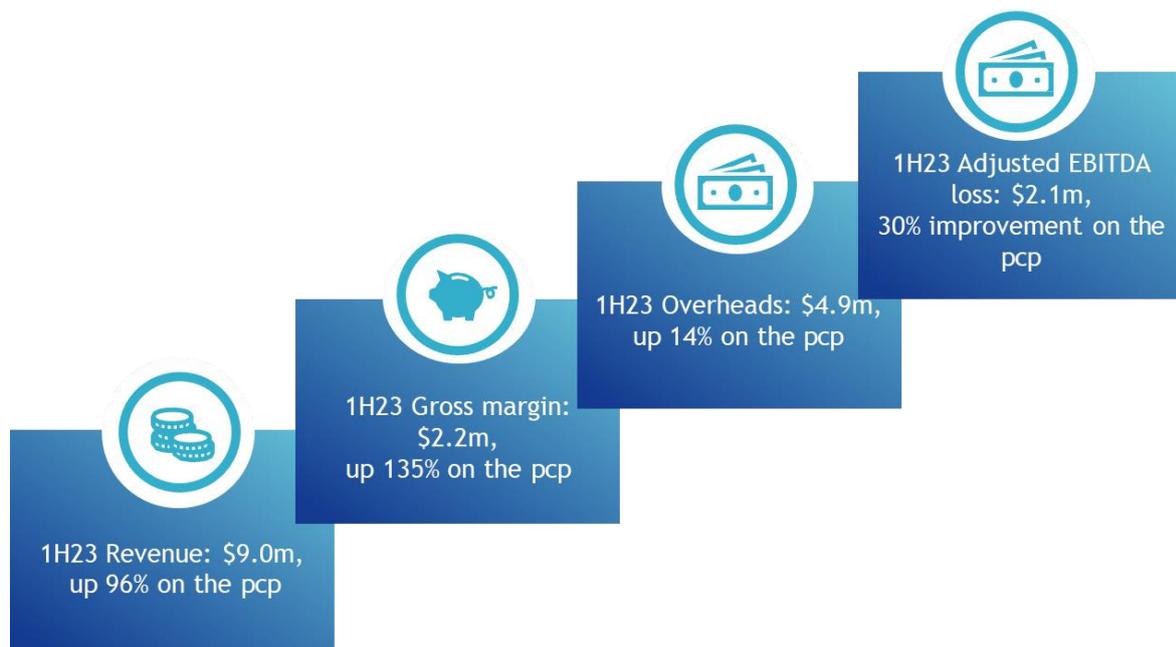


Figure 3: Path to Profitability

In conclusion

The Directors believe X2M has delivered consistent performances since listing as is supported by the above data. The various initiatives in the utility digitisation space are expected to provide good tail winds for the Company. With a significant customer base and a large addressable market X2M is well positioned to accelerate its performance. This Share Purchase Plan gives all shareholders an opportunity to participate in the anticipated growth in the Company.

Yours sincerely

Mohan Jesudason
Chief Executive Officer