



# Supporting X2M's next growth phase

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April 2023

ASX Code: X2M

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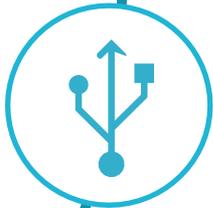
## Significant and growing addressable market

“Land and Expand” strategy is working. Existing customer base provides an immediate addressable market” with a large untapped opportunity to harvest



## Attractive business model

Comprising upfront fees and recurring subscription revenues. Highly scalable with modest cost growth



## Leading edge technology

A proprietary platform secured with a strong patent portfolio across 15 countries



## Proven execution

X2M’s management team delivering on strategy with strong growth across all metrics

# 1H23 performance<sup>1</sup> at a glance



Revenue: \$9.0m,  
up 96% on the pcip



Gross margin: \$2.2m,  
up 135% on the pcip



Adjusted EBITDA loss: \$2.1m,  
30% improvement on the pcip



Annual Recurring Revenues:  
SaaS and maintenance  
recurring revenues increase  
65% on pcip



Connected devices: 361,345  
up 100% on the pcip and 69k  
on last qtr

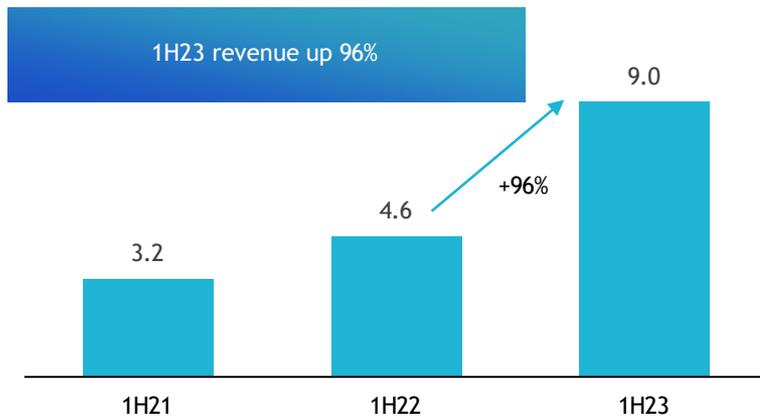


Enterprise/government  
customers: 58, up 38% on pcip  
delivering a larger  
addressable market

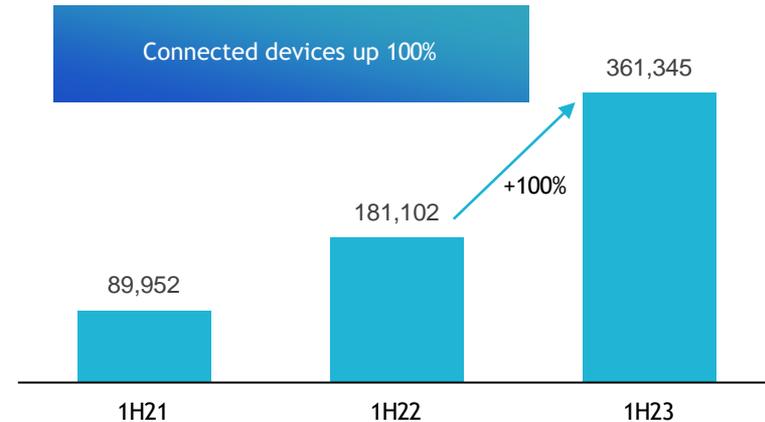
# X2M's strategy is delivering strong growth



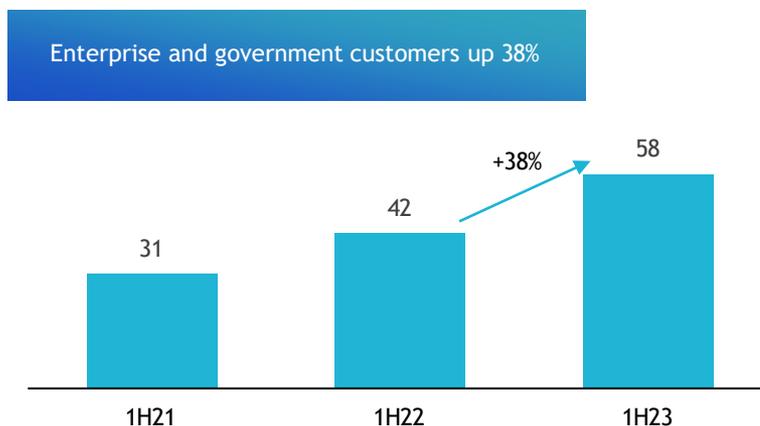
## Revenue (\$ millions)



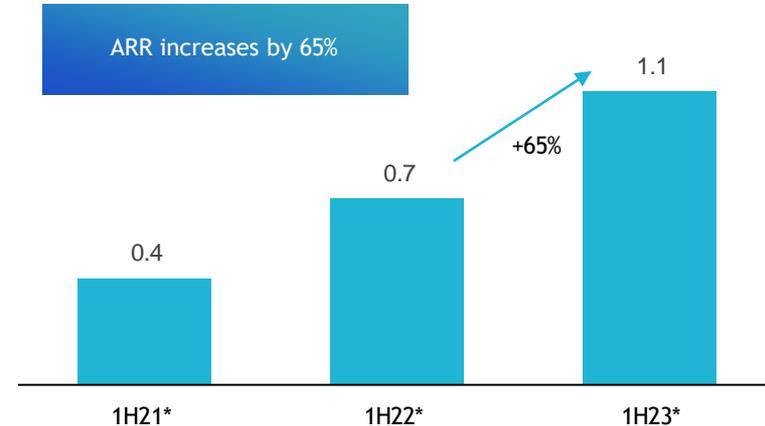
## Connected devices



## Enterprise and government customers

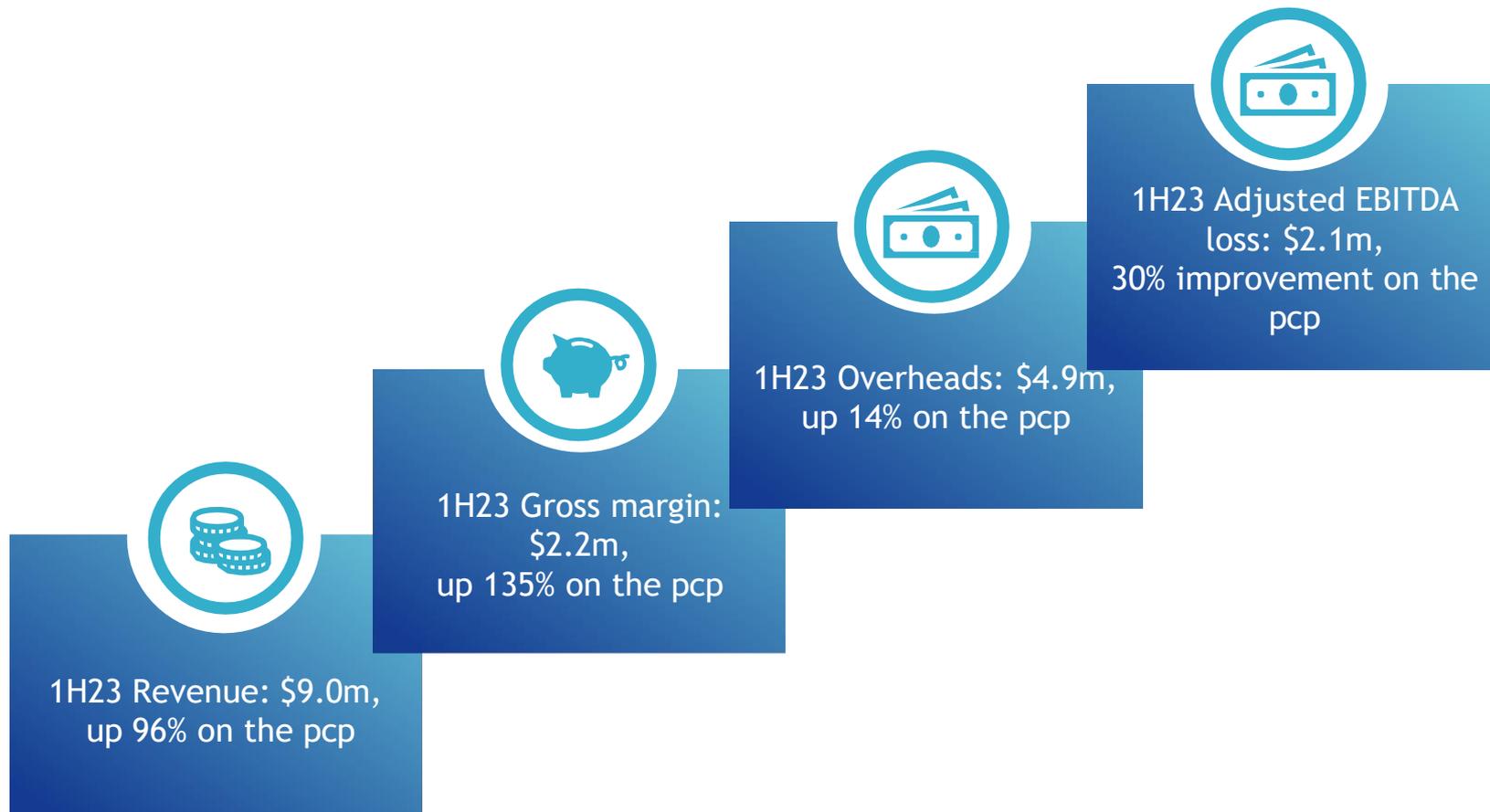


## Annualised recurring revenue\* (ARR, \$ millions)



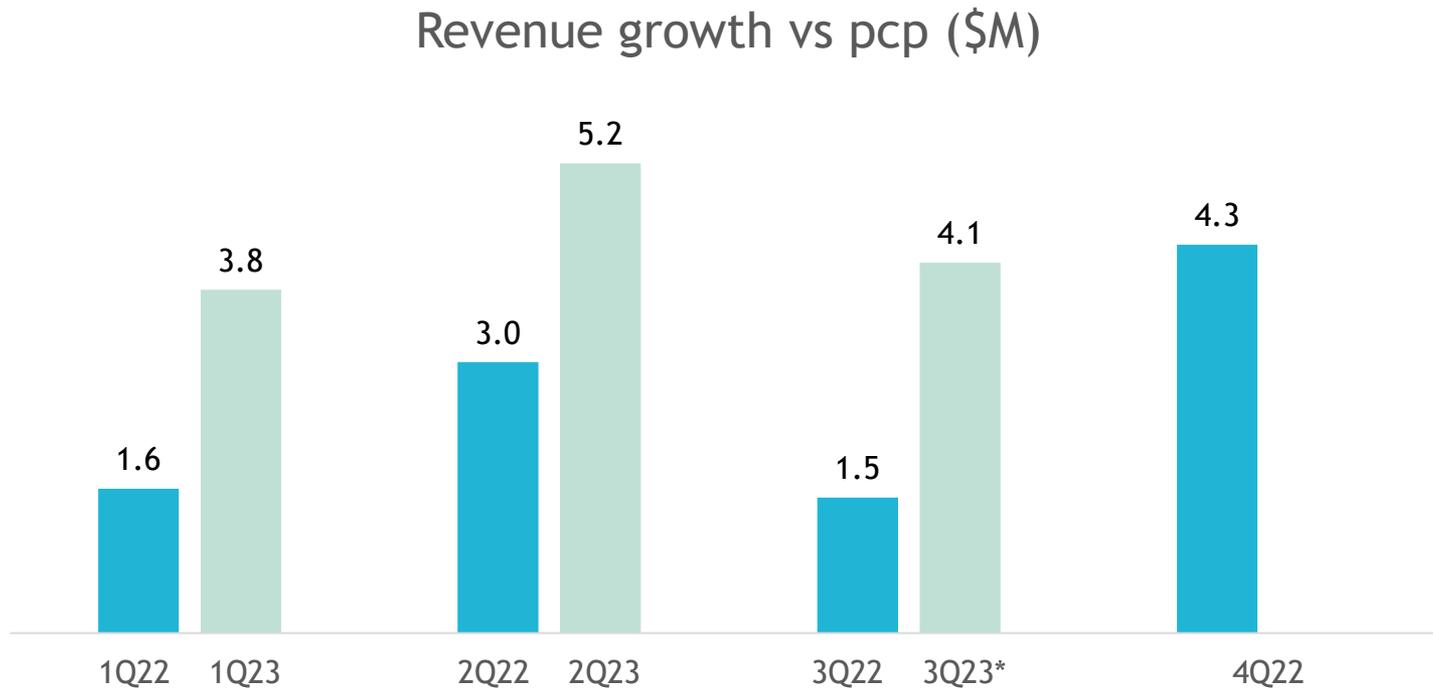
\*ARR is unaudited annualised SaaS and maintenance revenues and excludes Gochang hardware subscriptions in 1H21 & 1H22

*Significant growth in revenue and gross margin with controlled overhead growth are driving a reduction in losses*



- Strong progress for the quarter with 3Q23, revenue of \$4.1m up 170% on pcp
- Revenue for 9 months ended 31 March 2023 of \$13.1m, up 114% on pcp\*

Revenue performance by quarter is set out below:



\* Unaudited

# Strategy continues to be a focus on Utilities in APAC



*Current “land and expand” strategy is working and X2M is well positioned for growth*

## ASIA

- X2M’s platform licensed to Azbil Kimmon one of Japan’s largest meter manufacturers
- X2M provides remote monitoring, data collection and analysis for logistics management of bottled gas delivery
- As at 31 December 2023, in excess of 200k meters are connected onto our platform in Japan. TAM of 7-8 million households
- Japan government (Ministry of Trade and Industry) has announced a subsidy programme for modernising delivery of bottled LPG gas
- Smart meters to receive a boost in take up, with X2M expecting a doubling of connected devices in Japan over the next 2 quarters
- Incentives and budgets expected in Taiwan and South Korea this calendar year - Water digitization
- China - Covid lockdowns lifted. Business returning to growth with new contracts secured
- X2M to enhance platform capacity to accommodate up to 2m devices - a driver of future SaaS and maintenance revenues

## AUSTRALIA

- Initial set up and product development for green field “Smart Communities”, and exploratory work for Australian market entry has been completed
- Now progressing to scale up “Smart Communities” on the eastern seaboard and link across to “Smart Farming” for the agriculture sector, in particular the dairy industry
- Both sectors offer a compelling proposition to lower energy costs, increase the use of renewables and reduce carbon footprints
- Why now? Host of government incentives to deliver time critical tail winds including solar, battery, regional development and R & D subsidies

# Connected devices accelerating: feeds into future SaaS revenues



## Driver of future SaaS revenues

**Annualised Recurring Revenue\* increased from \$0.7m in Dec 2021 to \$1.1m in Dec 2022**



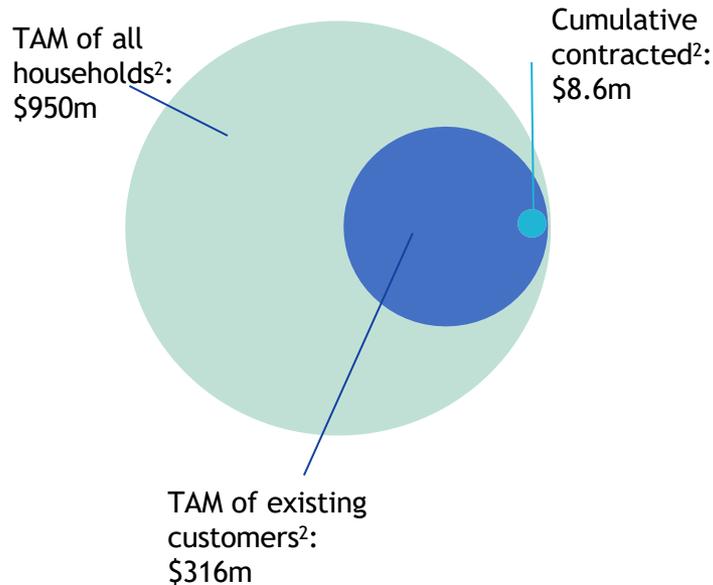
**Cumulative connected devices**

1. Q2 FY20 data is from periods when X2M subsidiaries were operated by a prior owner \* Unaudited

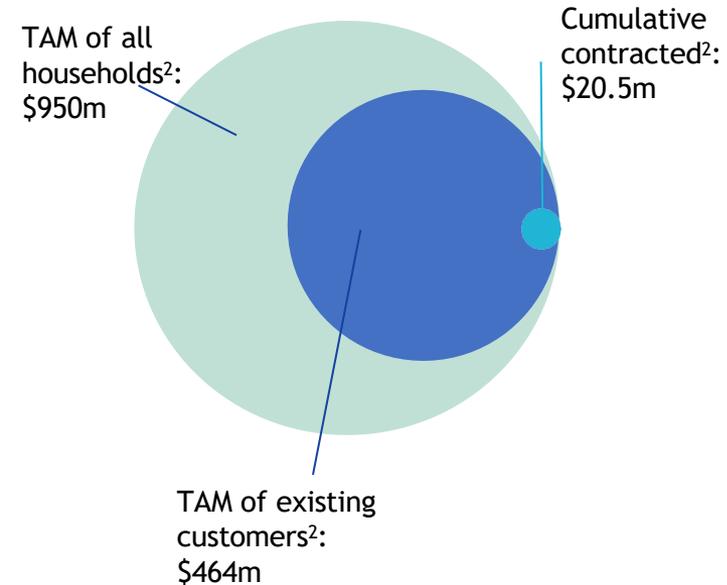
# South Korea best articulates strategy outcomes

*Total addressable market and penetration increasing as X2M gets embedded into customer eco systems*

South Korea market – Sep 2021



South Korea market – Dec 2022



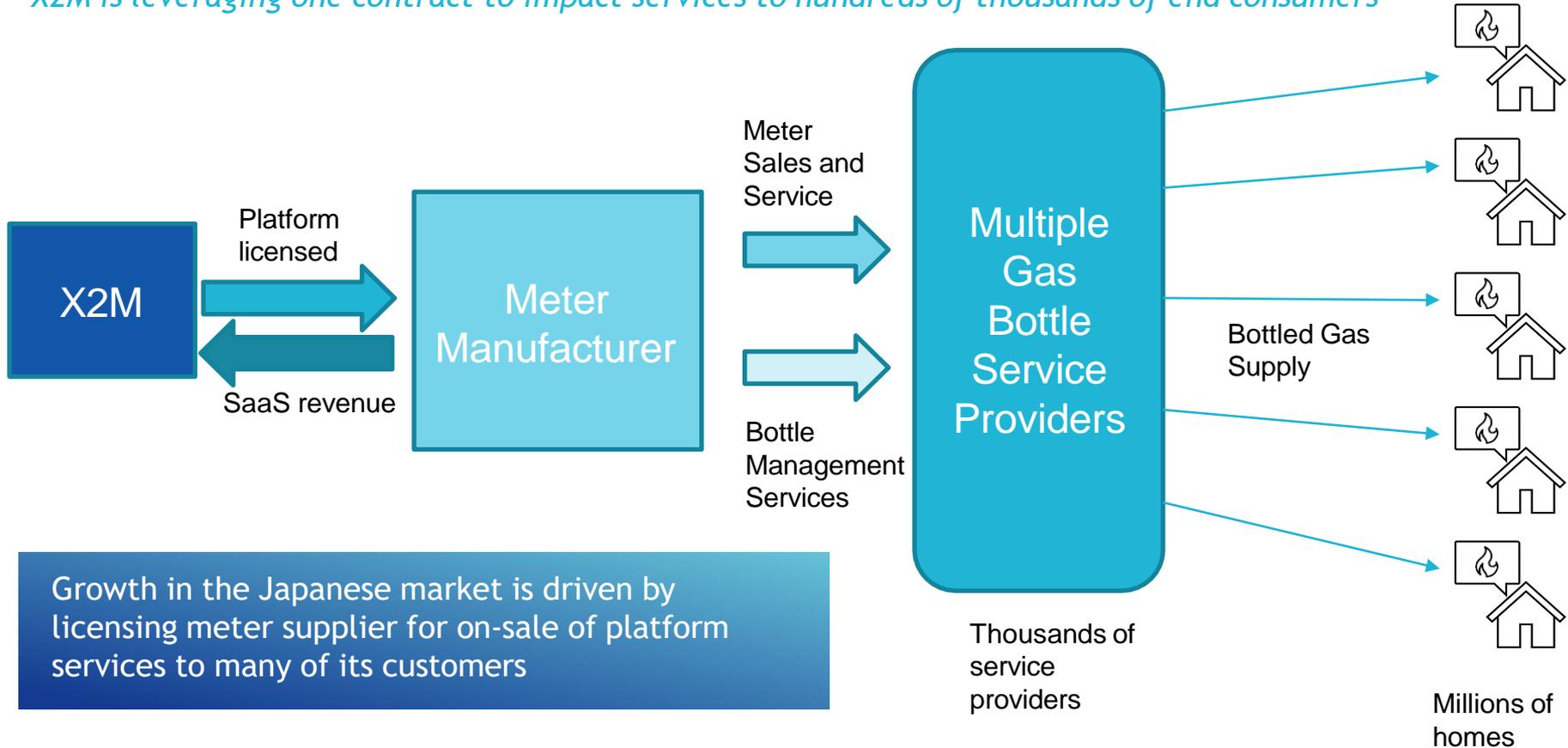
*Over the last fifteen months, in South Korea, the TAM of X2M's existing customers has increased from \$A316 million to \$A464 million. This represents an increase from 33% to 49% of the total South Korean country market. Penetration of the customers' TAM, on average, has increased from 2.7% to 4.4%. Overall penetration of customers is low and augers well for future growth.*

1. Data as at 31 December 2022.  
2. South Korea total addressable market (TAM) and contracted values are based on Year 1 revenues of A\$120 per device.

# Japan bottled gas - delivering SaaS revenues through licensing



*X2M is leveraging one contract to impact services to hundreds of thousands of end consumers*



Growth in the Japanese market is driven by licensing meter supplier for on-sale of platform services to many of its customers

*More than 200,000 households monitored and controlled across more than 100 service providers as at December 2022*

*Estimated 24m households in Japan are on bottled gas*

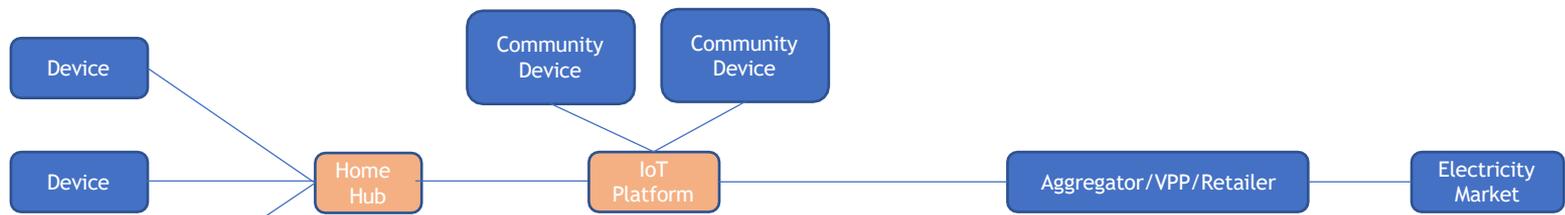
# Smart communities - Australia

*Smart community with large number of smart homes plus community resources all working cohesively*



Consumer enjoys a sustainable, eco-friendly, environment and community

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

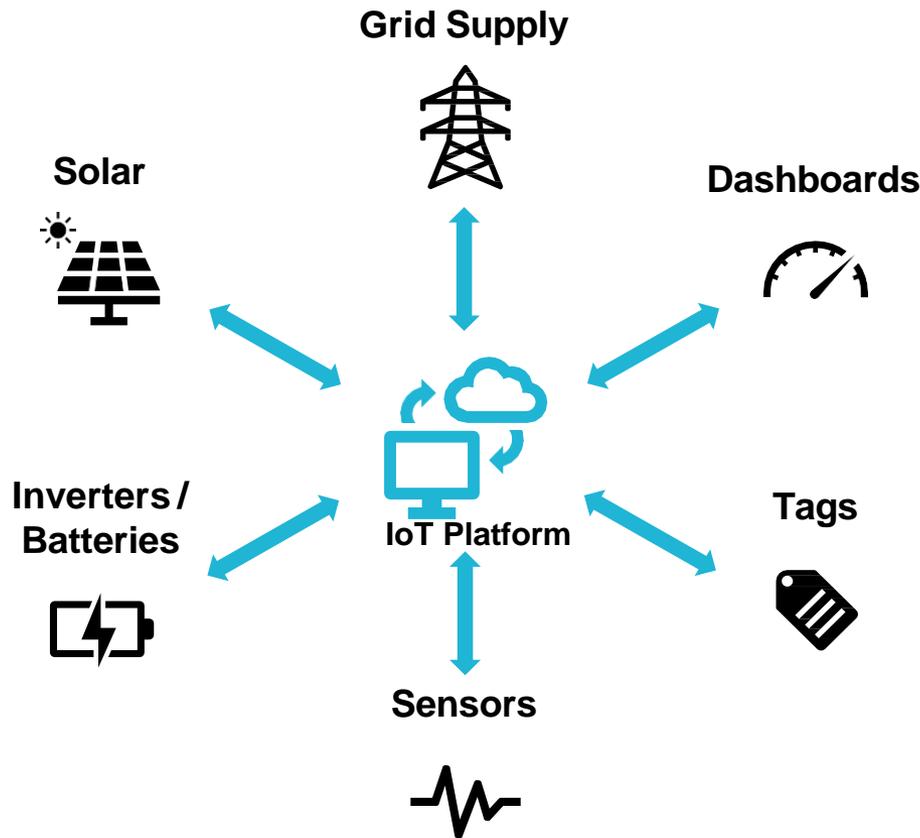


Monitor and control distributed energy resources (DER) devices from Hub. Homeowner has a mobile and desktop user interface

Control multiple home Hubs and community resources from the central platform and interface to aggregator, Virtual Power Plant (VPP) and retailer partners

Partners operate the whole community network, VPP and trade energy in the electricity market

Extending smart community solution to include farm data to manage power and farm productivity



## ENERGY HURDLES



business processes that don't always occur during peak sun hours



high energy use associated with irrigation and other production methods



use of sensitive automated milking equipment that requires high amount of power



unreliable energy connection resulting in costly blackouts

Smart farms are the future of agriculture for optimisation and tracking of resources and output



# Government initiatives = tail winds

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## *Initiatives designed to increase adoption in the future*

### **Japan:**

- Ministry of Economy, Trade and Industry announced 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

### **Australia:**

- a number of State and Federal funding programmes have been announced including battery and renewables subsidies and regional development support

### **Taiwan:**

- after 2-year field trials, Taipei Water will start a minimum 50K smart water meter deployment from CY2023 and up to 250K through CY2033

## *An offer to participate in a placement*

- X2M has delivered on strategy with strong performances since listing
- 1H23 performance has been a standout with strong momentum
- 3Q23 unaudited revenue delivers significant growth on the pcp
- Addressable market with existing customer base is very large. Penetration currently low and accelerating with significant repeat orders and has material upside
- On comparable revenue multiples the stock is attractively priced
- There are a range of government initiatives in each of the markets X2M operates in that are expected to result in strong tail winds for the Company
- To this end X2M proposes to bring forward platform expansion from 2025 to 2023
- X2M platform capacity to be increased to accommodate 2 million devices



X2M CONNECT

# GET IN TOUCH



X2M  
CONNECT

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