



## ASX Announcement | 29 November 2021

### X2M Connect Limited (ASX:X2M)

#### Chairman's and CEO's Address to AGM

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##### Chairman's Address

I am pleased to present my report on the 2021 financial year.

The past year was a formative one for X2M. This included the transition to becoming a public listed company, which was successfully achieved on 22 September 2021.

Along the way, we have also progressively appointed new directors, culminating in a Board that boasts a good mix of diverse yet complementary skills.

Although the effects of the Covid-19 pandemic were felt right across the group, the company has proved resilient this year.

Lockdowns and working from home became the norm and clearly, the health and safety of our people were paramount. Victoria, where our Australian business is headquartered, saw the longest lockdowns. It is a credit to our people that right through this difficult environment, momentum was strong and the Company delivered record results across both financial and non-financial metrics.

Group revenues were \$5.7 million and EBITDA (excluding IPO costs and non-cash share-based payments) and NPAT were losses of \$4.4 and \$8.26 million respectively. The financial data reflects the Company's strategy to invest in growth, targeting enterprise and Government customers with large customer bases.

Cash at bank at 30 June 2021 was \$1.9 million which was subsequently boosted with the proceeds from the \$8 million IPO. The Company does not intend to be paying dividends for the foreseeable future.

The Company's strategic growth programme over the next couple of years is to further invest in five key areas, namely:

- Building on our strong position with existing customers and with new customers in existing markets
- Expanding into compatible verticals in existing markets
- Building our Software as a Service (SaaS) business
- Expanding into new geographies; and
- Increasing our margins as our SaaS business grows

Operationally, the Company has performed well, the details of which will be covered in the CEO's report.

Conditions in each of our existing markets are strong and expected to remain so as countries across Asia Pacific upgrade their utilities for the digital era. South Korea has seen an increase in Government spending on water digitisation, Japan has shown robust growth and in Taiwan, there are government initiatives both in water digitisation and energy management.

The current Directors were appointed during the year and as a result, are all up for re-election



at this AGM.

Finally, the Board of Directors would like to thank the Chief Executive, all the employees and business partners for the fantastic job they have done in growing the Company during the pandemic. Our high growth achievements are a testament to their efforts.

We would also like to thank our long-standing investors for their support and welcome all our more recent shareholders to the X2M family.

As we look forward to 2022 and beyond, the Board is keen for the Company to continue to deliver on its growth ambitions and embrace the exciting future.

Thank you and I will now hand over to the CEO Mohan Jesudason.

### **CEO Address**

Thank you, Chairman.

I'd like to offer my personal welcome of our shareholders to this, our inaugural Annual General Meeting. The 2021 financial year was an important one for X2M. It was a year in which we prepared the Company for a listing on the ASX, achieved a new high in enterprise and Government customers and delivered record revenues and connected devices. X2M has subsequently listed on the ASX, increasing its shareholder base significantly.

At a group level, our business proved resilient despite the Covid-19 environment in all of our markets. Group revenues increased to \$5.7 million, which was underpinned by growth in our enterprise and Government customers which went from 25 at the start of the year to 34 at year-end. The number of connected devices also saw significant growth, rising by 93% year on year to 123,256. These latter two metrics show the value of the large addressable market within the Company's existing customer base that is progressively converting to our platform and the deep pipeline of prospects that are being worked on for conversion to customers.

### **Key markets**

At the segment level, South Korea has been the stand out performer from a revenue perspective. This reflects an early market entry, an established and well-regarded brand, a strong customer base with 16 government municipalities and a large pipeline of prospects for us to convert to customers. The Korean Government has also adopted policies to encourage and support their municipalities to upgrade their use of technologies like ours. We expect to see a continuation of new and repeat orders from these customers over the next twelve months as we have seen in the year just passed.

Japan has been the driver of connected devices as expected. Total connected devices have grown from 17,000 at the start of the financial year to 61,000 at years end. Japan is a market in which the Company has licenced its platform to one of the country's larger gas meter manufacturers. Under the licencing arrangement, the customer attends to hardware, manufacturing, sales and marketing. X2M provides the platform with all its unique features and charges a monthly subscription fee for each device connected to the platform. The product offered here is targeted at the bottled gas sector which has an estimated addressable market of about 24 million households. This is part of the X2M "Acceleration" programme, which is delivering pleasing results both at a connected device level and a margin level and one the Company will seek to replicate in other markets.

Taiwan is the incubation hub for well-advanced product design applications. Here we have existing commercialised operations in the gas meter monitoring sector and during the year captured opportunities in the water and battery management sectors.

In China and back home in Australia, we are establishing a greater presence in these markets.



## Trading Update

I would now like to provide you with a trading update on the results for the three months to 30 September. This information is unaudited and for information only. In short, the strong growth performance of last year has continued into the 2022 financial year.

The highlights were as follows:

- Group revenues increased 75% on the previous corresponding period
- Connected devices grew 24% in the quarter and by 101% on Q1 2020
- Enterprise and Government customers grew by 11 on the pcip, delivering 42% year on year growth

Post this three-month period, we were pleased to announce three major tender wins with the Korea Water Resources Corporation, or 'K Water' as it is also known.

The initial tender contracts are worth approximately A\$4.1 million. Were X2M to secure additional future tenders for the balance of the households in these municipalities, the potential value of those tenders is more than A\$25 million.

These tender wins were another excellent result for our South Korean subsidiary, which is taking a true leadership position in the market there. These tenders plus our Q1 and other contracted revenues now stand at approximately \$7.8 million.

## Conclusion

In conclusion, the past year was a good one for the Company and the new financial year has started well. With a successful listing on the Australian Stock Exchange on 22 September and the foundations in place both with our X2M IoT platform and growing customer base, I expect to see continued strong growth going forwards.

Finally, I would like to take this opportunity to thank my Board for their tireless efforts and all our staff in Australia and internationally for their outstanding contribution. And of course, last but by no means least, you, our shareholders who have continued to support the Company.

I'll now hand back to the Chairman.

## Ends

The Board of X2M has approved this announcement.

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### For further information contact:

**X2M Connect Limited**  
**Mohan Jesudason**  
Chief Executive Officer  
[investor.relations@x2mconnect.com](mailto:investor.relations@x2mconnect.com)  
1 800 926 926 (1 800 X2M X2M)

**Media and Investor Enquiries**  
**The Capital Network**  
Julia Maguire  
T: +61 2 8999 3699  
E: [julia@thecapitalnetwork.com.au](mailto:julia@thecapitalnetwork.com.au)

## 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.

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 Company generates revenue from the sale of hardware and monthly subscription fees under Software as a Service arrangements.

X2M now has more than 150,000 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 radio technologies.

X2M's current focus is on servicing the utility sector in the Asia-Pacific region, where it has a number of government and enterprise customer relationships already in place. Going forward, X2M will look to continue its global expansion, with subsidiaries already operating in Japan, South Korea, Taiwan and, most recently, China.

To learn more about X2M click here: [www.x2mconnect.com](http://www.x2mconnect.com) or follow us on [LinkedIn](#).