

X2M empowering utilities with data

FY24 – 1H Update



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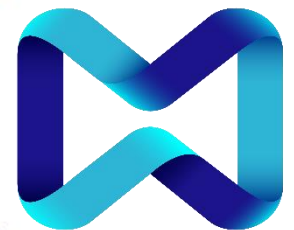
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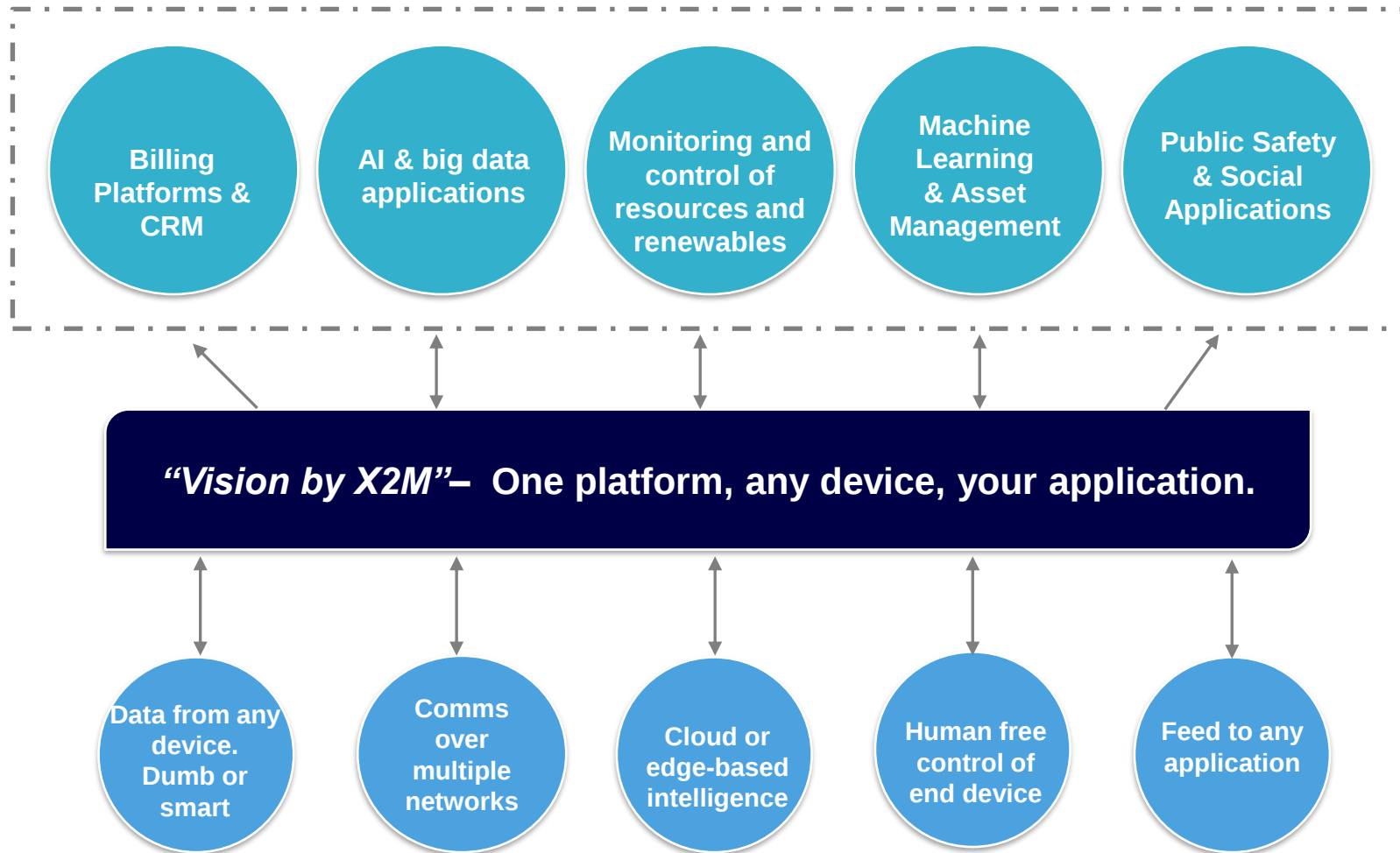
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X2M
delivers rich data for
automation and
artificial intelligence



“Vision by X2M” - digitising utilities for automation and AI



“ Artificial Intelligence could help repair Australia’s lagging Innovation record, unleash waves of productivity gains and lift the output of workers...” new Productivity Commissioner Danielle Wood says

“...AI could improve productivity...I’m optimistic on this...I think potentially AI has a very big impetus for productivity improvement” Reserve Bank Governor Ms Bullock told an ASIC forum in Melbourne

Source: AFR 21 November 2023

Tom Burton - Government Editor

“Data is the backbone of Artificial Intelligence (AI), acting as the essential ingredient that allows AI, including Machine Learning (ML) and Deep Learning (DL), to learn and adapt”

AI Expert Gerben Vermeulen, author of “Data is not the most sexy part of AI, but it can never succeed without it”.

2 October 2023

X2M Adopted in APAC for it's proven AI and automation enablement

Water
digitisation &
automation in
South Korea

Bottled gas
logistics
management in
Japan

Smart
communities in
Australia

Renewable
energy
generation and
BESS - Taiwan

Energy and
Water
management in
Greater China

**X2M for data collection
monitoring and device control.
50 patents
14 countries**

Data
generators

Water,
electricity,
gas meters

Heating &
air
conditioners

EV, batteries
and sensors

Solar and
renewables

Utilities our target market



Essential community service with long dated arrangements



Data hungry, blue-chip customers



Very large consumer bases and very large addressable markets



Delivers repeat orders to fit with replacement cycles



Significant growth potential within existing customers

X2M's revenue model

Upfront revenue

Initial platform installation charge plus platform customization fees

Per new device connection fee or

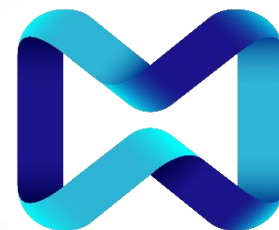
Per new device fee for X2M hardware

Recurring revenue

Monthly SaaS fee for data delivered

Monthly maintenance fee for support

1H Results



FY24 strategic priorities

- ➡ Capitalise on incumbency in established markets for scale and share 
- ➡ Drive deeper into existing customer base. Increase penetration into \$500m existing addressable market 
- ➡ Focus on margins, cashflow and profitability. Discontinue low margin hardware sales 
- ➡ Increase conversion of existing base into recurring SaaS and maintenance revenues 
- ➡ Deliver on strategic growth initiatives 

Top line numbers - focus on positive cashflow

Revenues down on record 1H23 and exit of low margin hardware sales



Gross margin and gross profit up significantly



Opex down on pcp¹



Cash burn and EBITDA losses down materially



Recurring revenues up significantly



1. Opex excludes \$0.2 million of capital raising costs associated with convertible notes and loan facilities.

1H24 outcomes - key financial metrics on target

Improved margins, reduced costs and significantly declining cash burn are highlights of the 1H24 results c.f. the pcip



Revenue growth is on the back of a very strong 1H23

1. Opex excludes \$0.2 million of capital raising costs associated with convertible notes and loan facilities.

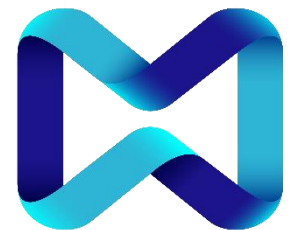
1H24 P&L at a glance - margins up, costs down

(\$'m)	1H24	1H23	Change
Revenue	7.5	9.0	-17%
Cost of Sales	(4.7)	(6.8)	-31%
Gross Profit	2.8	2.2	26%
Other income	0.2	0.4	-50%
Overheads	(4.6)	(4.7)	-3%
Cost of capital raising	(0.2)	-	-
Adjusted EBITDA ¹	(1.8)	(2.1)	-17%
Depreciation and Amortisation	(0.7)	(0.5)	32%
Finance costs	(0.5)	(0.1)	>100%
Share-based Payments	(0.4)	(0.2)	>100%
Loss after Income Tax	(3.3)	(2.9)	16%

“
Adjusted
EBITDA has
improved by
17% as we
drive to
positive
cashflow”

1. Adjusted EBITDA is a non-IFRS measure calculated as earnings before income tax, and before depreciation and amortisation, finance costs, share based payments and one-off expenses.

**Business KPI's to
drive future
performance**



1H24 outcomes - business KPIs

Drivers of future value

Enterprise and
government
customers
73 up 26%

Annualised
recurring revenues
\$1.7m
up 55%

Average NIC
selling price
\$160 per unit¹
up 8% on pcp
and 53% over
four years

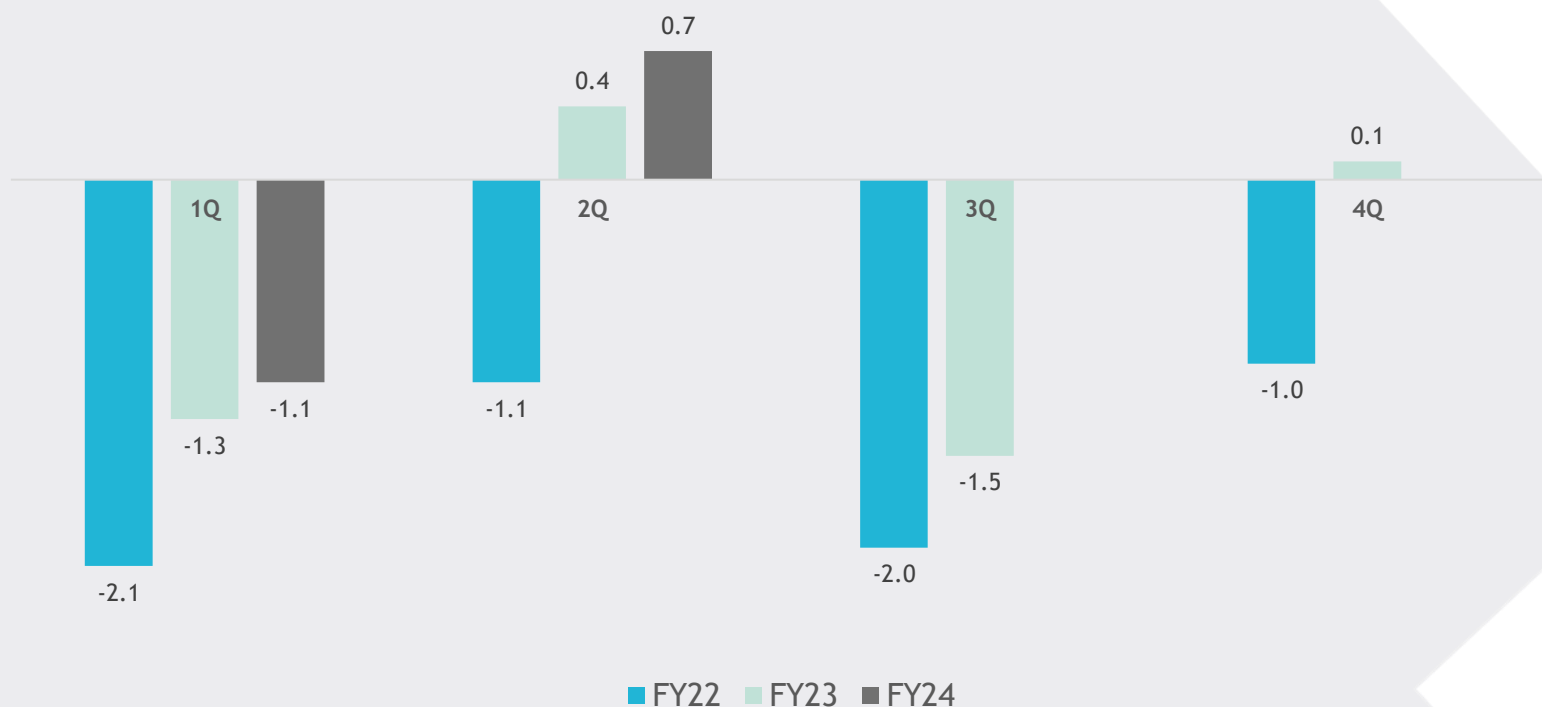
Connected devices
520,417 up 44%

SaaS and
maintenance
revenues
\$0.9m up 53%

1. Network Interface Card based on pricing of KRW136,137 translated into AUD at FX850:1

Operating cash burn a key financial metric

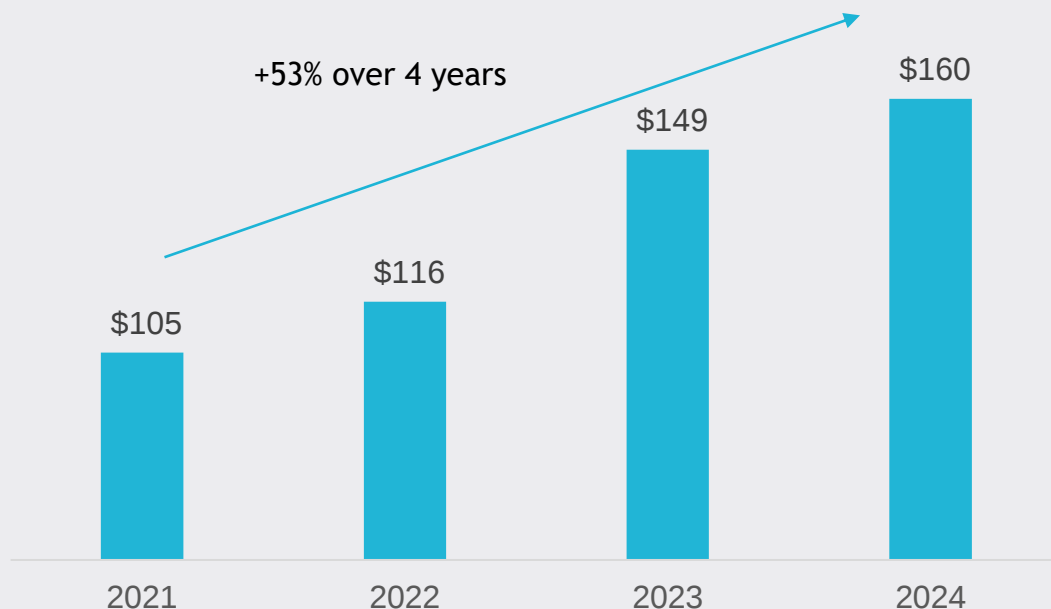
1H24 delivered cash burn from operating activities of \$0.4 million compared with \$1.0 million in 1H23. The improved performance was driven by better gross margins and very tight control of costs. Chart below shows the improvements over the last three years.



Hardware pricing evolution

Margins in South Korea have improved over time as selling prices increase

Average NIC sale price¹



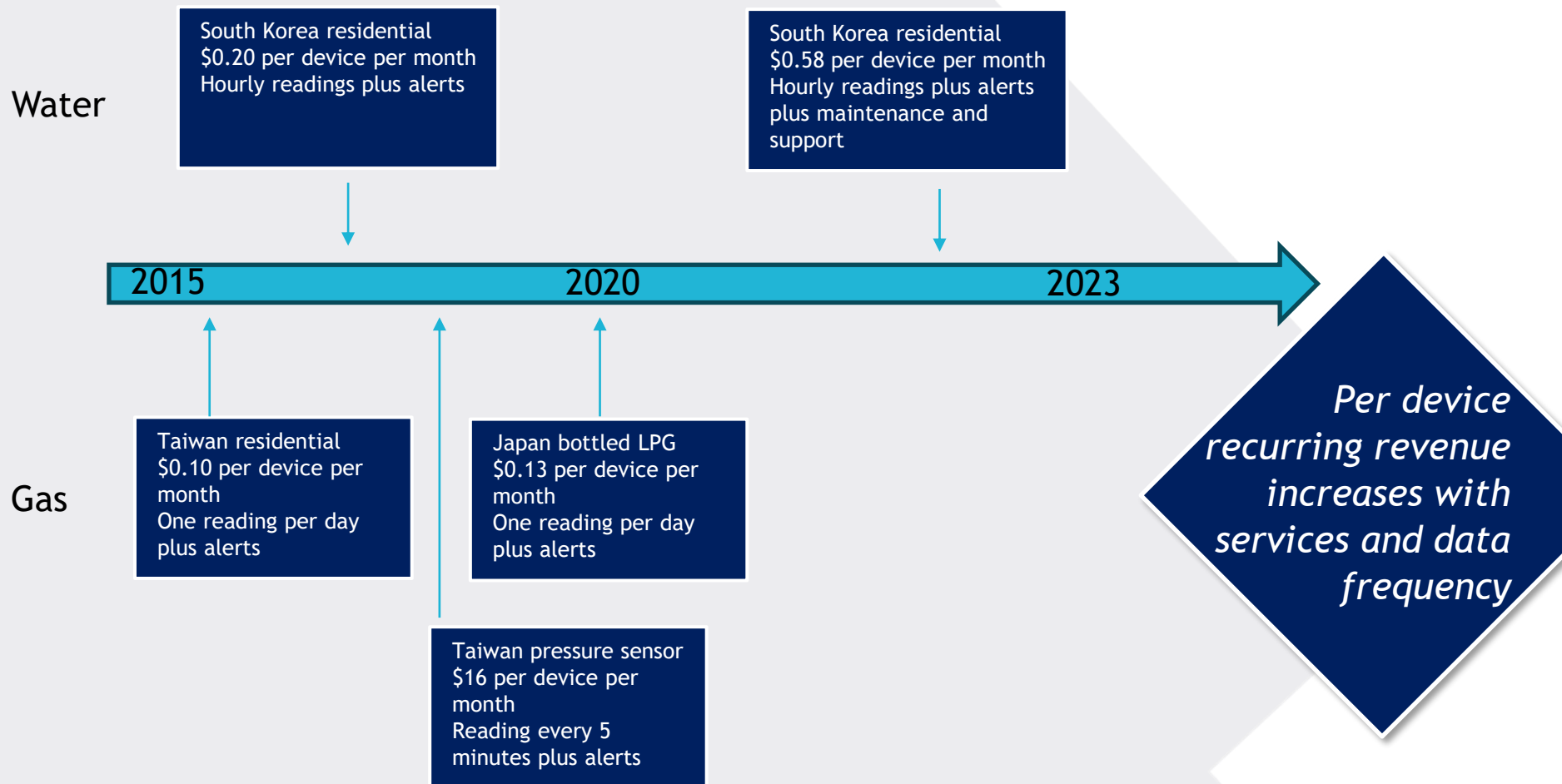
South Korean Network Interface Card Sales Pricing has increased significantly since 2021

Price increases are driven by incumbency and achieving Superior Product Certification allowing higher prices on the Government procurement portal and being able to contract directly with less focus on a tender process

1. Sale price is shown in A\$ with conversion at FX850:1

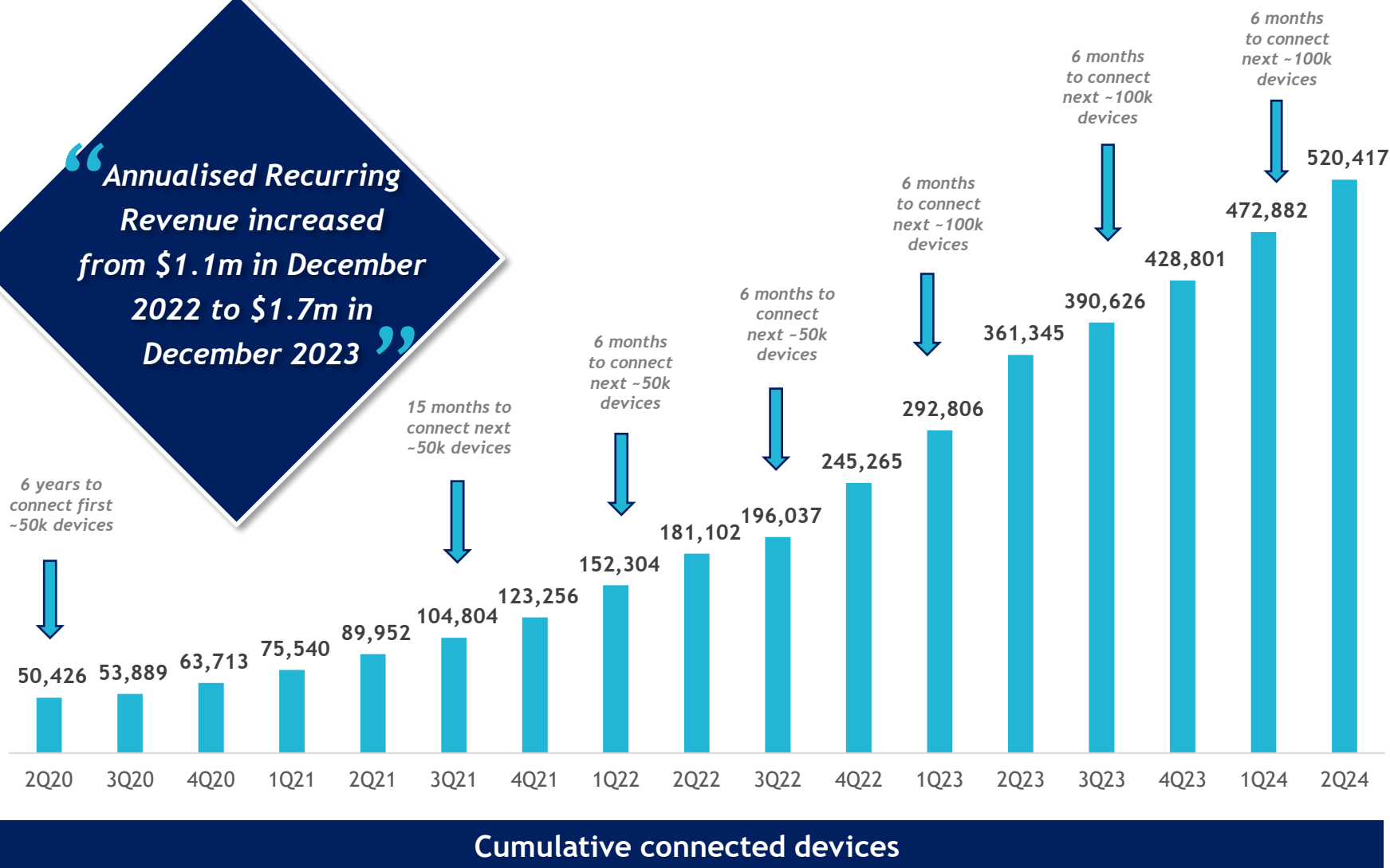
Recurring revenue pricing evolution

Data frequency and additional services are a driver of increased per unit recurring revenue (A\$)



Momentum continues with repeat orders

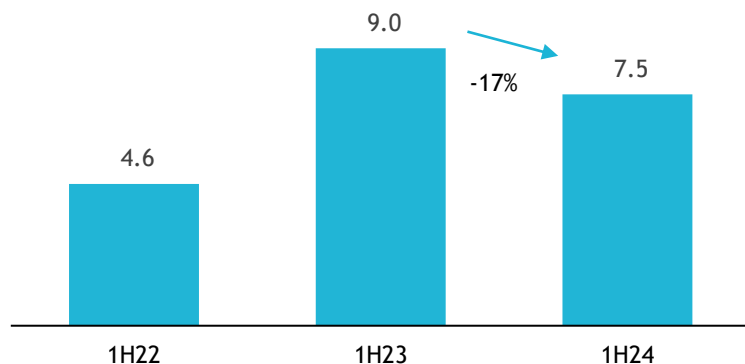
“Annualised Recurring Revenue increased from \$1.1m in December 2022 to \$1.7m in December 2023”



1H Year on Year financial trends

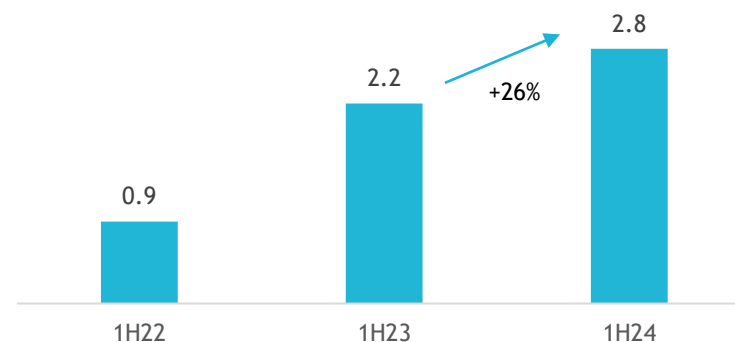
Revenue (\$M)

1H24 revenue of \$7.5m,
down 17% on the pcp



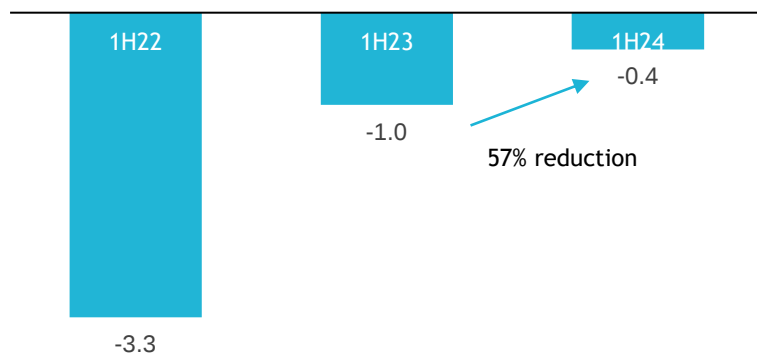
Gross profit (\$M)

1H24 gross profit of \$2.8m,
up 26% on the pcp



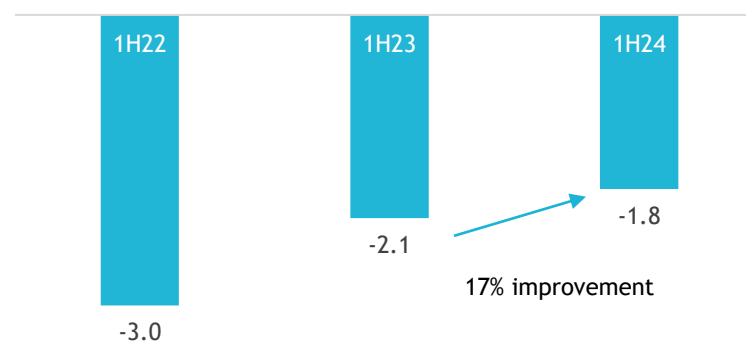
Net cash burn from operating activities

1H24 net cash burn from operating
activities of \$0.4m, 57% reduction on pc



Adjusted EBITDA

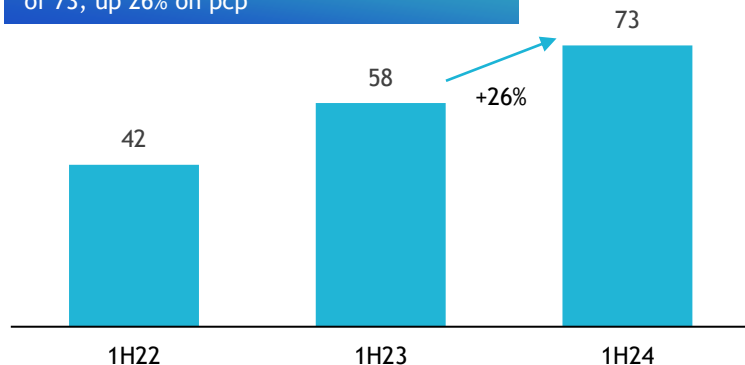
1H24 Adjusted EBITDA loss of \$1.8m,
an improvement of 17% on pc



1H Year on Year business metric trends

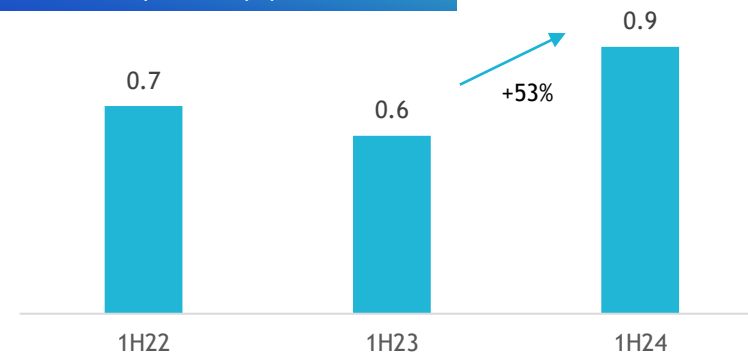
Enterprise and government customers

1H24 Enterprise and government customers of 73, up 26% on pc



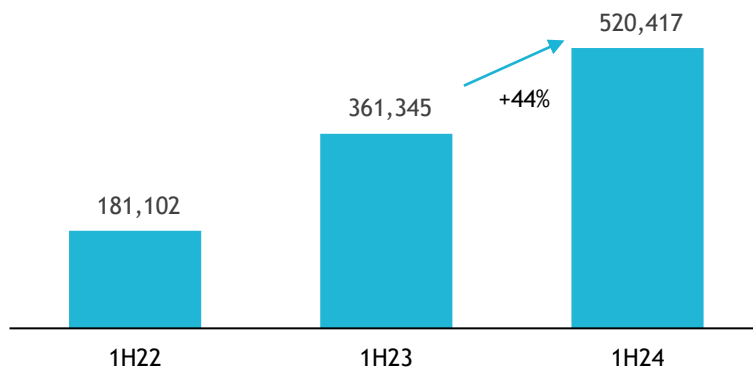
SaaS and maintenance revenues

1H24 SaaS and maintenance revenues of \$0.9m, up 53% on pc



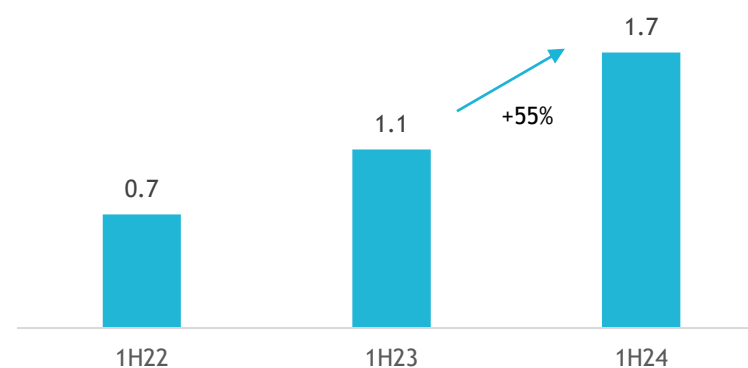
Connected devices

Connected devices as at 31 December 2023 was 520,417 up 44% on pc



Annualised recurring revenues (ARR)

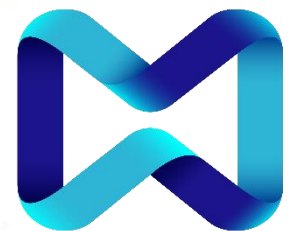
1H24 ARR of \$1.7m, up 55% on pc





THE MARKET OPPORTUNITY

CURRENT MARKETS



X2M's Addressable market is large

Australia
26m people
9m households

Beijing, China
22m people
9m households

Japan
126m people
55m households

South Korea
52m people
22m households

Taiwan
24m people
9m households

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

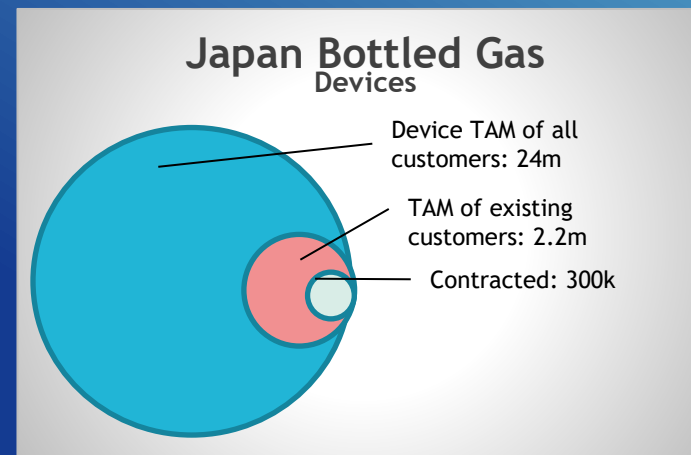
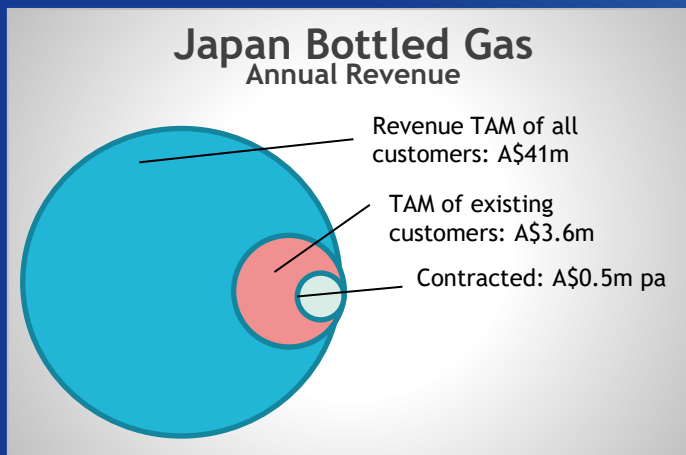
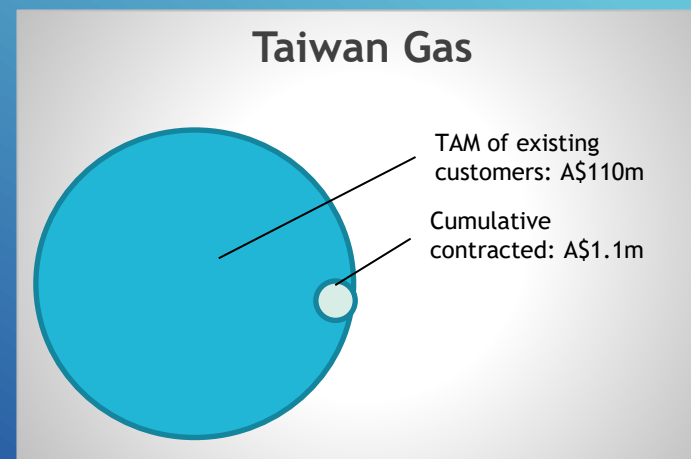
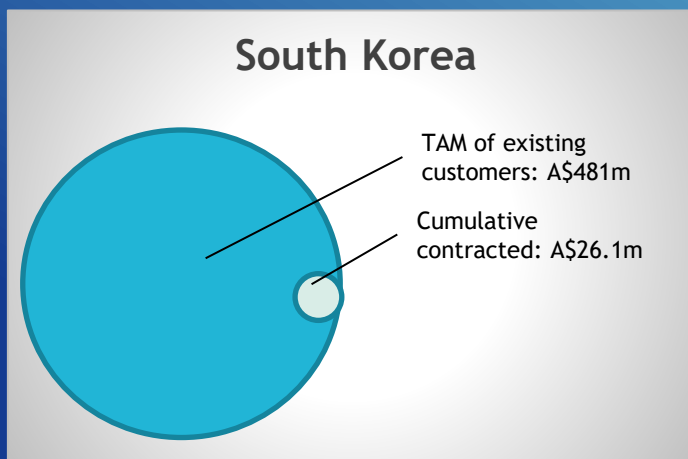
>50% of customers placing repeat orders

1. Assumes customer installs X2M current bundled services to all its households

2. Assumes customer installs X2M SaaS services to all its households

The potential market is large in target countries

The total addressable market leaves much space for future conversion



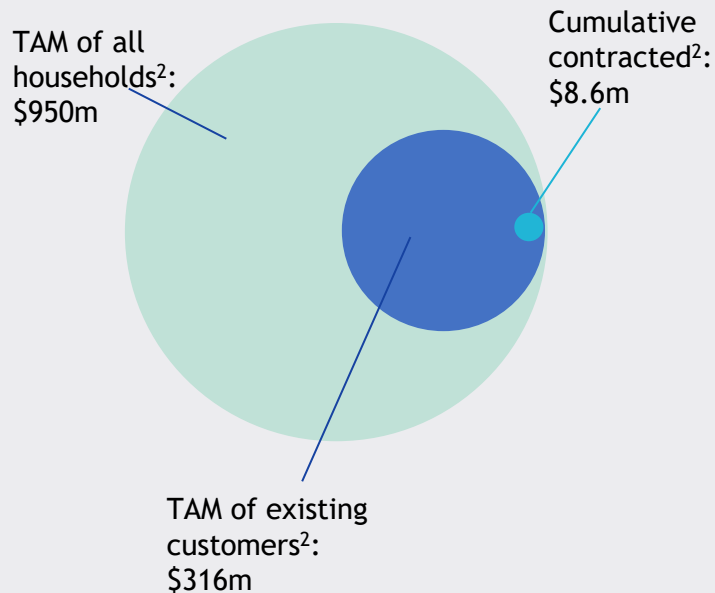
1. Data as at 31 December 2023.

2. Total addressable market (TAM) and contracted values are based on Year 1 bundled revenues of A\$120 (SK) and A\$100 (TW) per device.

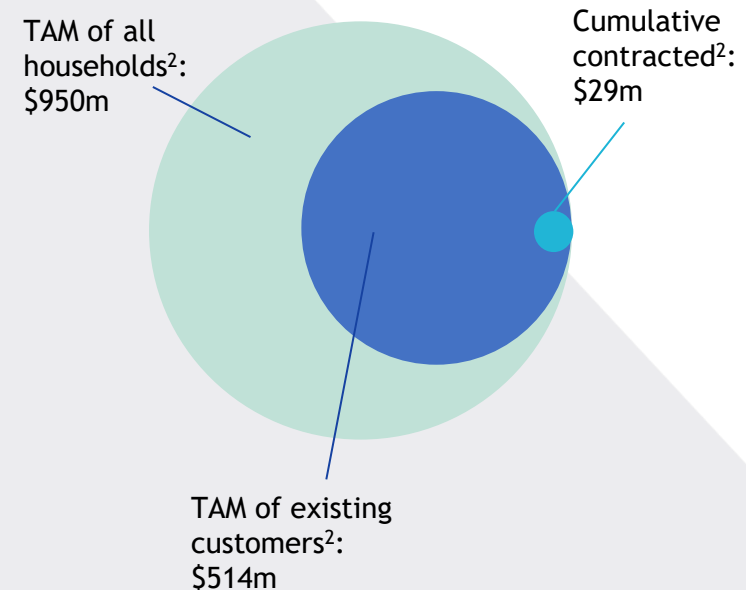
X2M is growing penetration of its customer base - South Korea example

Share of TAM increasing as X2M gets embedded into customer eco systems generating follow up orders

SOUTH KOREA MARKET - SEP 2021



SOUTH KOREA MARKET - DEC 2023



Over the last twenty seven months, in South Korea, the TAM of X2M's existing customers has increased from \$A316 million to \$A514 million. This represents an increase from 33% to 54% of the total South Korean country market. Contracting of the customers' TAM, on average, has increased from 2.7% to 5.6%. Despite strong growth, overall penetration of customers TAM is low and augers well for future growth

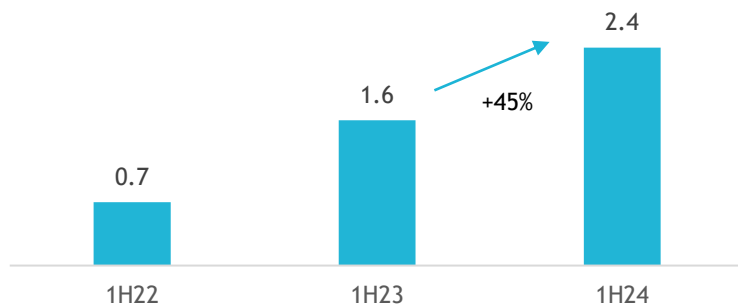
1. Data as at 31 December 2023.

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

South Korea operation records first profitable half year

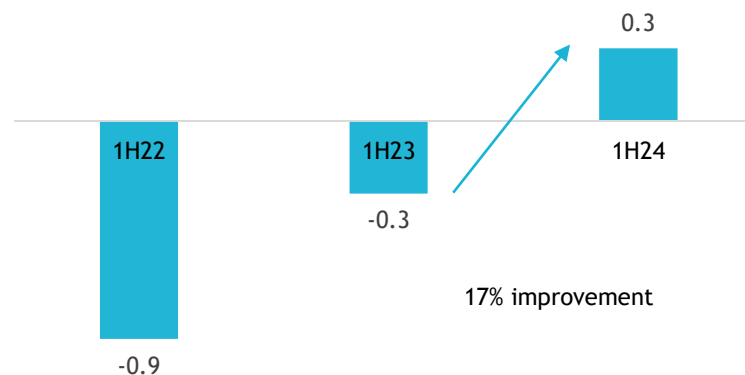
South Korea Gross profit (\$M)

1H24 gross profit of \$2.4m,
up 45% on the pcg



South Korea Adjusted EBITDA

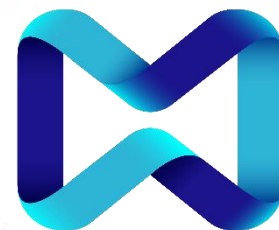
1H24 Adjusted EBITDA of \$0.3m, an
improvement of 193% on pcg



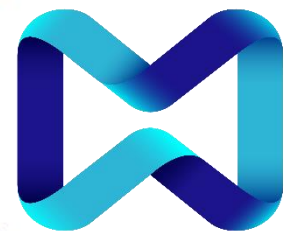
**MARKET
OPPORTUNITY
New Markets**

GreenRock

Dicode



GreenRock



X2M entered into a strategic partnership with GreenRock Energy Co.

GreenRock a leading Taiwanese energy generation, storage and trading co.

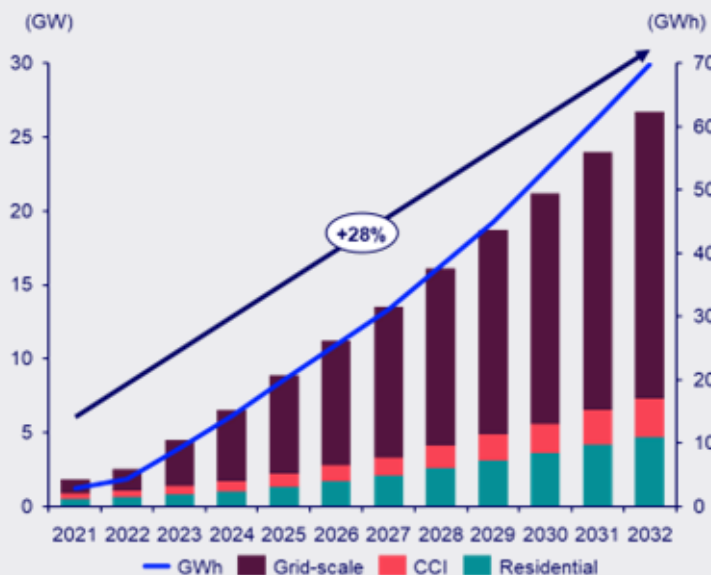
- Takes a 11% stake in X2M and gets a Board seat
- Partnership to develop renewable energy generation and Battery Energy Storage Systems (BESS) in APAC
- X2M to be the software provider for energy management
- Initial focus for global expansion is Australia and Japan
- GreenRock becomes X2M priority battery partner for X2M's Australian Smart Communities
- Revenues to come on stream from 1Q25
- News stream to follow

BESS market in Australia

Australia leads the global market for BESS with announced pipeline exceeding 40GW²

AEMO outlined that 61GW of storage capacity is required by 2050 which is 17 times the current capacity¹

This indicates that the BESS market for Australia could be equivalent to a value of around \$40 billion with the associated EMS market being \$1.2 billion



“We expect a 28% increase in the country’s battery storage capacity from now until 2032,” said Kashish Shah, senior research analyst at Wood Mackenzie²

1. <https://www.energycouncil.com.au/analysis/storage-across-the-nem/>

2. <https://www.woodmac.com/press-releases/australia-leads-global-market-for-battery-energy-storage-systems/>

Battery Energy Storage Systems (BESS) market in Taiwan reflects global trends

Taiwan has set a target of 20% (vs 8.3% now) renewable energy (Wind+Solar) generation by 2025

Taiwan BESS Total Addressable Market¹

2023: NT\$10b (A\$500m)

2026: NT\$20b (A\$1b)

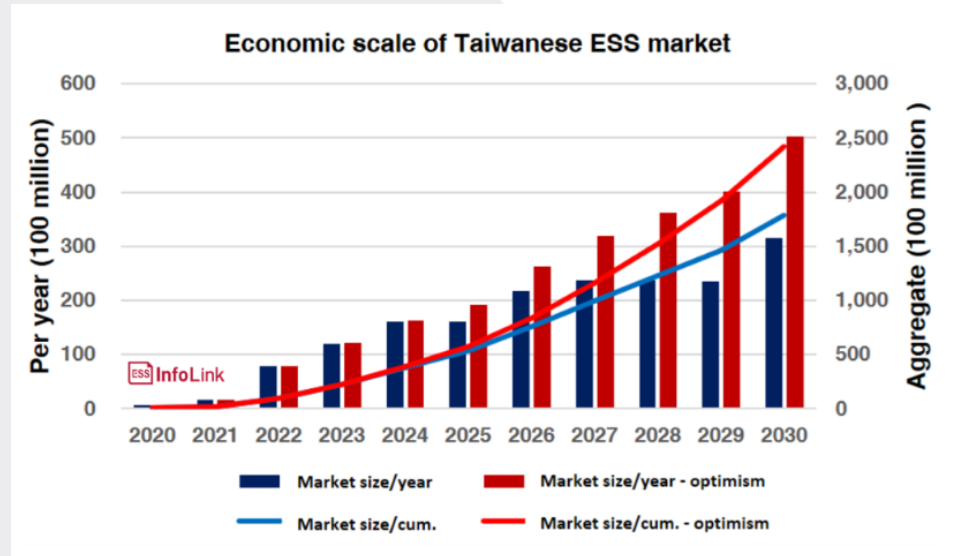
2030: NT\$ 200b (A\$10b)

EMS software represents 2-3% of total spending equating to

A\$15m in 2023

A\$30m in 2026

\$300m in 2030

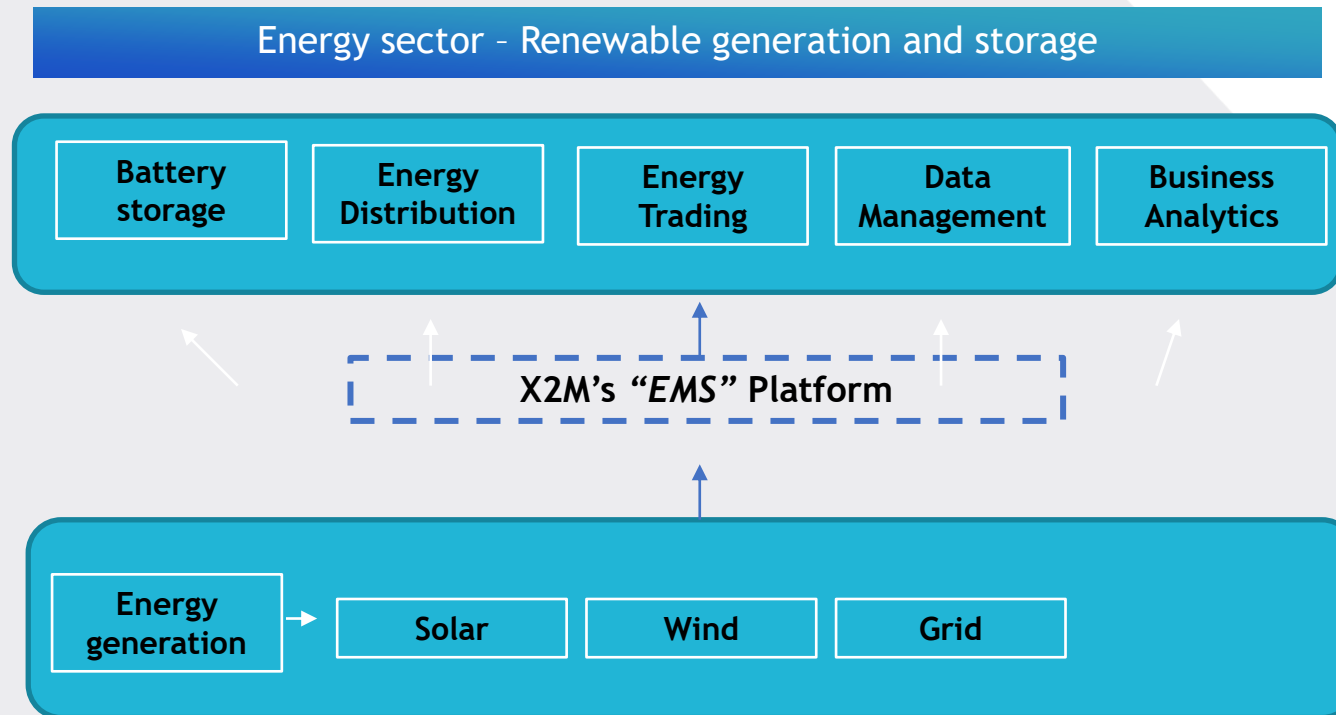


GreenRock has 300MW in deployment = approx A\$285m of BESS and A\$8.5m of EMS. Recurring SaaS expected to be 15% of EMS. Revenue to grow as deployed MW's grow

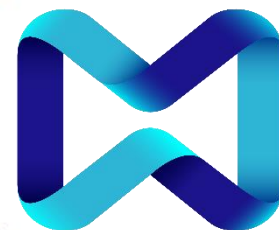
1. <https://www.infolink-group.com/energy-article/Taiwan-could-hit-20-GWh-energy-storage-and-200-bn-economic-scaleby-2030>

GreenRock focus - large scale renewable energy infrastructure

900mw under management. 300MW under development



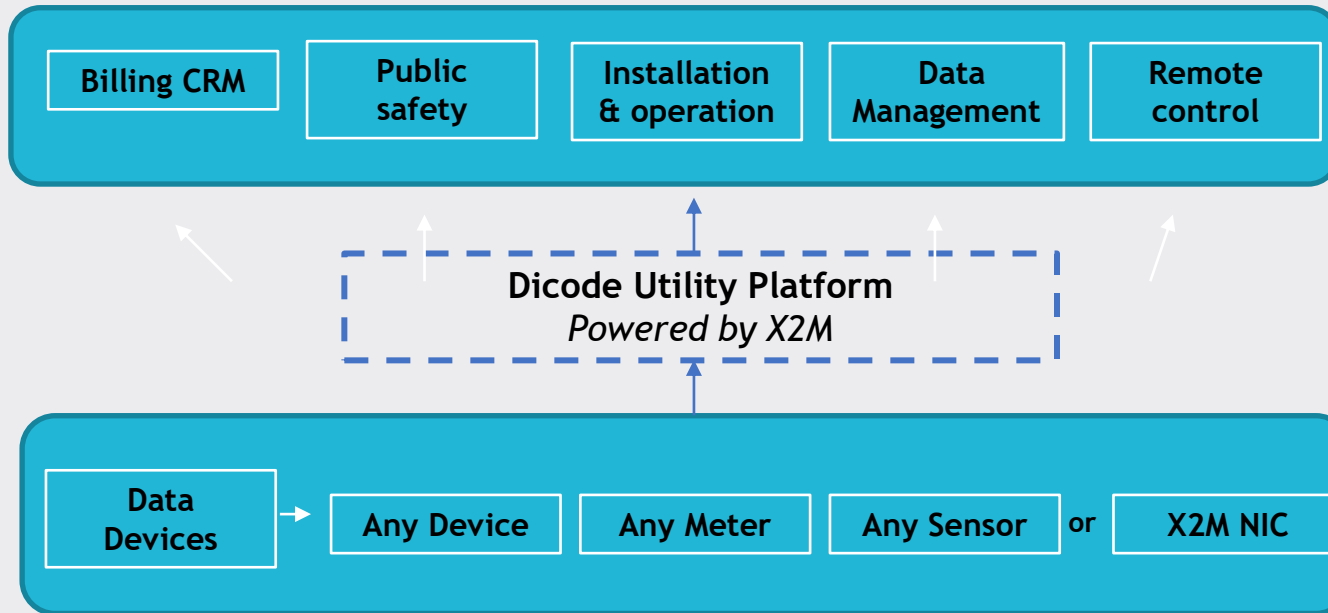
Dicode



Middle East - Dicode to be X2M's channel partner

X2M executes Services Agreement to develop the ME market

Gas Industry - Dubai, Abu Dhabi & other emirates



About Middle East

- Dicode is a Dubai based company aiming to provide Meter as a Service to gas companies in ME and sell the X2M platform
- Gas market is fragmented and economics are attractive
- Expect to rollout POC's this calendar year
- Opportunities in water and electricity are also available

Middle East market

There is an immediate opportunity in gas and likely upcoming opportunities in electricity and water monitoring



The UAE Government has mandated piped gas be fitted to all new buildings creating a transition away from bottled gas. Smart gas meter usage in the UAE is new and penetration is approximately 7% of users.



There are an estimated 500,000 piped gas connections in Dubai alone.



The gas market in the UAE is severely fragmented with many small independent gas companies



The X2M platform provides the ability to monitor and control gas and other meters and eliminate expensive manual reading. The X2M platform delivers large amounts of data for artificial intelligence and analytics applications.



There are more than 4 million water and electricity meters in the UAE.

Summary - X2M delivering

1H24 results show the path to positive cashflow and other improved business and financial outcomes



Attractive business model with sticky customers



Opex, cash burn, margins, EBITDA all heading in the right direction



Existing markets represent a large TAM



New markets represent material potential upside



The team to deliver: board and senior management



Hon. Alan Stockdale AO

Non-Executive Chair

- Currently Emeritus Counsel of Medical Research Commercialisation Fund and Chairman Knosys Limited (KNO.ASX)
- Previously Treasurer of Victoria, as well as Investment banking at Macquarie



Keith Jelley

COO

- 9 years in the X2M business
- 40 years of development and operations experience across 9 countries in military, telecommunications and embedded systems industries



Mohan Jesudason

CEO and Managing Director

- 10 years leading the X2M business
- Previously Managing Director Gaming at TABCORP, led Telecom NZ mobiles business and grew AXA/AMP to leading positions in the market



Yongsun Kim

MD Korea

- Previously CEO of Kathrein Korea and Country Manager of NextWindow



Damien Johnston

Non-Executive Director

- Formerly CFO of Tabcorp
- Held several senior finance roles at BHP
- Fellow of CPA Australia and a Member of the Australian Institute of Company Directors



Steve Fang

MD Greater China

- 20 years of experience with Splunk, VMware, Huawei, Delta Electronica and Ericsson



John Stewart

Non-Executive Director

- Extensive Investment banking experience at Gresham, Lazard & JP Morgan
- Founder and Managing director at Health&
- Bachelor of Laws (Honors), Bachelor of Commerce from the University of Melbourne

Thank you

