



ASX Announcement | 27 September 2024

X2M secures convertible loan to drive new markets

Highlights:

- Secured loan facility of \$1.0 million with optional conversion to Shares
- Funds raised from the loan facility to be used to fund scaling up business development in Australia, market entry into the Middle East and India, renewable energy platform customisation, customer support and ongoing operations.

Australian Internet of Things (IoT) technology company **X2M Connect Limited** (ASX:X2M) ("X2M" or "the Company") has secured a Converting Loan Facility totaling \$1.0 million.

Proceeds of the offer will be used to fund scaling up business development in Australia, market entry into the Middle East and India, renewable energy platform customisation, customer support and ongoing operations.

X2M CEO Mohan Jesudason said: "With initial deployments set to commence in the UAE and growth opportunities in other markets, this convertible loan will help accelerate our move to a larger software entity without diverting from our journey to achieve profitability in the near term."

"Our strategy is to continue to stay focused on the utility sector where X2M has proven performance and to tap the growing artificial intelligence, renewable energy generation and battery storage areas of this market with our proprietary data collection platform."

Loan Facility Terms

The terms of the Converting Loan Facility from an existing shareholder Vanew Pty Ltd are as follows:

- (a) Loan of \$1,000,000;
- (b) repayment date is 31 December 2025 unless conversion into Shares occurs;
- (c) lender may elect to convert any advanced loan amount to Shares at the following conversion price per Share:
 - a. at the 30 day volume weighted average price leading to a request for conversion in the 30 days following execution; or
 - b. at a discount of 15% to the 30 day volume weighted average price leading to a request for conversion after the date that is 30 days following execution;provided no more than 20,000,000 Shares in total can be issued and with a floor price of \$0.05 per Share. Once the ceiling is reached further conversions cannot occur;
- (d) any conversion is subject to shareholder approval and if not received, the higher interest rate below applies;
- (e) interest is payable quarterly in cash at a rate of 15% per annum or the higher rate of 20%;
- (f) loan amounts advanced are secured against the assets of the Company excluding the FY24 R&D Tax Refund.

Middle East market entry

X2M recently advised (ASX announcement 5 August 2024) it had signed a Term Sheet with Dicode Technologies LLC (Dicode) to license its proprietary platform “*Vision by X2M*” for use in the Middle East. Key points are:

- Dicode to provide “Metering as a Service” in the United Arab Emirates (UAE)
- Initial point of entry is the UAE gas sector followed by expansion into the broader region including Saudi Arabia and Oman
- Considerable market opportunity with a UAE population of approximately 10m across 2.5m households. Saudi Arabia and Oman expands this in excess of 30m individuals and 10m households
- Term is for 10 years
- Dicode is obligated to exclusively use X2M’s platform for the term of the arrangement
- X2M’s offer is solely software and high margin focused with each 100,000 gas meters connected onto the platform expected to yield approximately \$400,000 in EBITDA
- First revenues are expected during the first half of this financial year.

X2M and Dicode will be exhibiting at the huge Water, Energy, Technology and Environment Exhibition (WETEX), organised by the Dubai Electricity and Water Authority in Dubai in the first week of October.



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The Board of X2M has approved this announcement.

Ends



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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. The strategy is to stay focused on the utility sector where X2M has proven performance and tap the growing artificial intelligence, renewable energy generation and battery storage markets' demand for data collection, analytics and device control.

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 collection of large volumes of data from meters or sensors and our ability to go back and control devices also provides the basis for artificial intelligence or machine learning applications to build upon our platform. The Company generates revenue from the sale of hardware and monthly subscription fees under Software as a Service arrangements.

X2M now has more than 530,000 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 communications technologies.

X2M's current focus is on servicing the utility sector in the Asia-Pacific region, where it has a significant number of government and enterprise customer relationships already in place. The addressable market across the region is large and importantly, the addressable market within X2M's existing customer base is also large with penetration growing. Going forward, X2M will look to continue its global expansion, with subsidiaries already operating in Japan, South Korea, Taiwan and, most recently, China.

X2M is now extending its focus into the Middle East by licensing its platform to Dicode, a Dubai based business.

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