X2M digitising utilities in APAC

FY23 RESULTS

AND SHAREHOLDER UPDATE

X2M
CONNECT

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PRESENTATION AGENDA

Introducing X2M –
what we do
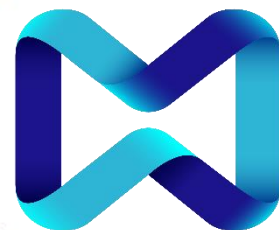
X2M is digitising utilities in APAC

WHAT WE DO

Turn dumb meters, sensors and a broad range of devices into smart, communication capable and controllable machines

Deliver large volumes of data in real time, efficiently and cheaply, with

Compelling enterprise use cases through analysis and presentation applications

COMMON USE CASES

Billing and other manual process automation

Leak detection and waste management

Public safety applications
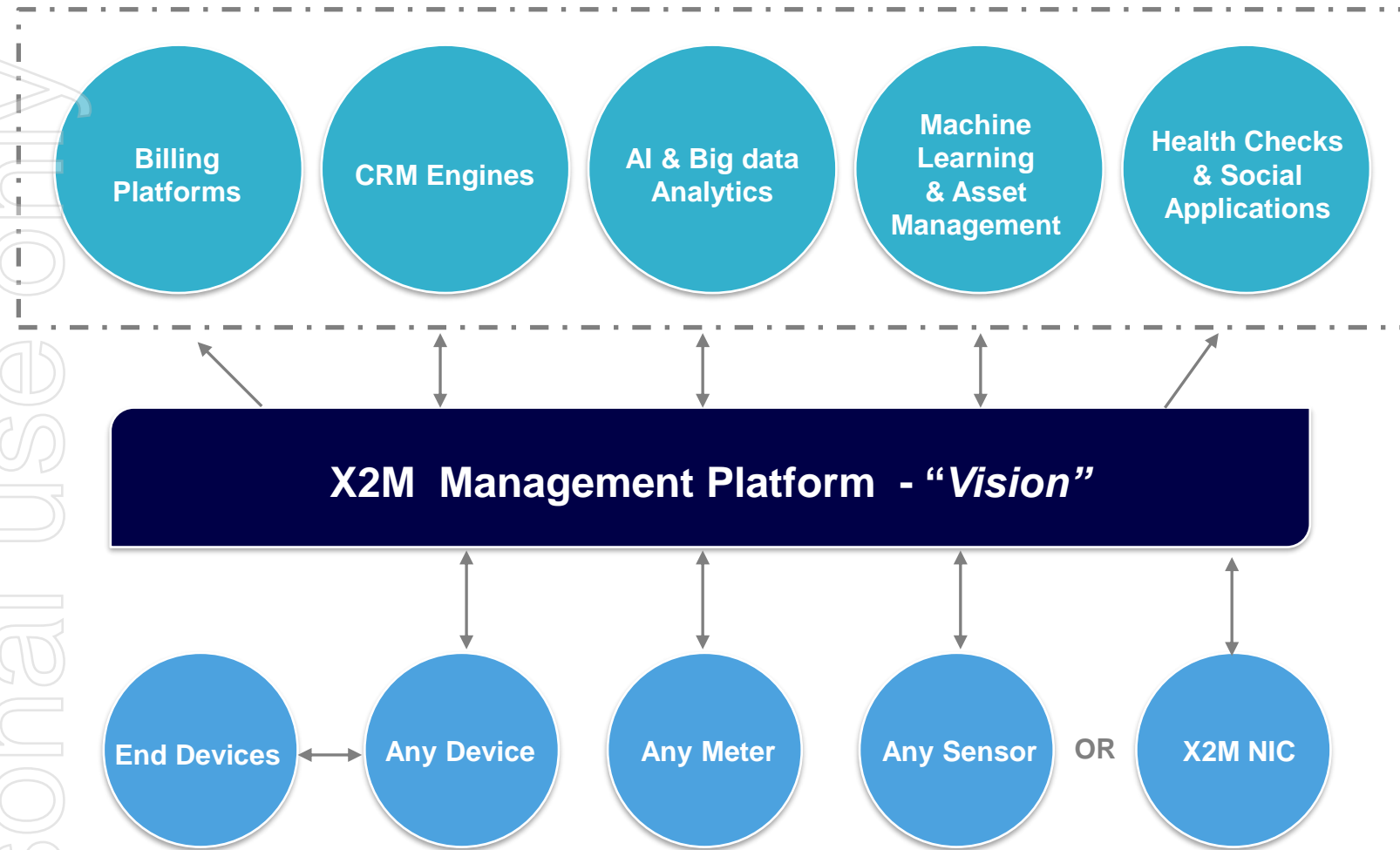
ARTIFICIAL INTELLIGENCE ENABLEMENT

Bottled gas consumption prediction and logistics management

Cellular base station battery optimisation

Renewable energy optimisation

The X2M platform
Enabler of smart applications and data analytics

X2M's IP delivers key differentiation - 54 patents 14 countries

One Platform

Any device on one platform means more applications, richer data, better use cases

Networks

Communication over many communication networks like 3G to 5G, NBIoT, LoRa and Ethernet- means future proofed technology and greater communication flexibility for customers

Control

Two-way communications to and from devices – means ability to collect data and control the end device

Dumb & Smart

Ability to retro fit legacy devices – means better capex profile for customers and ability to work in dumb and smart environments
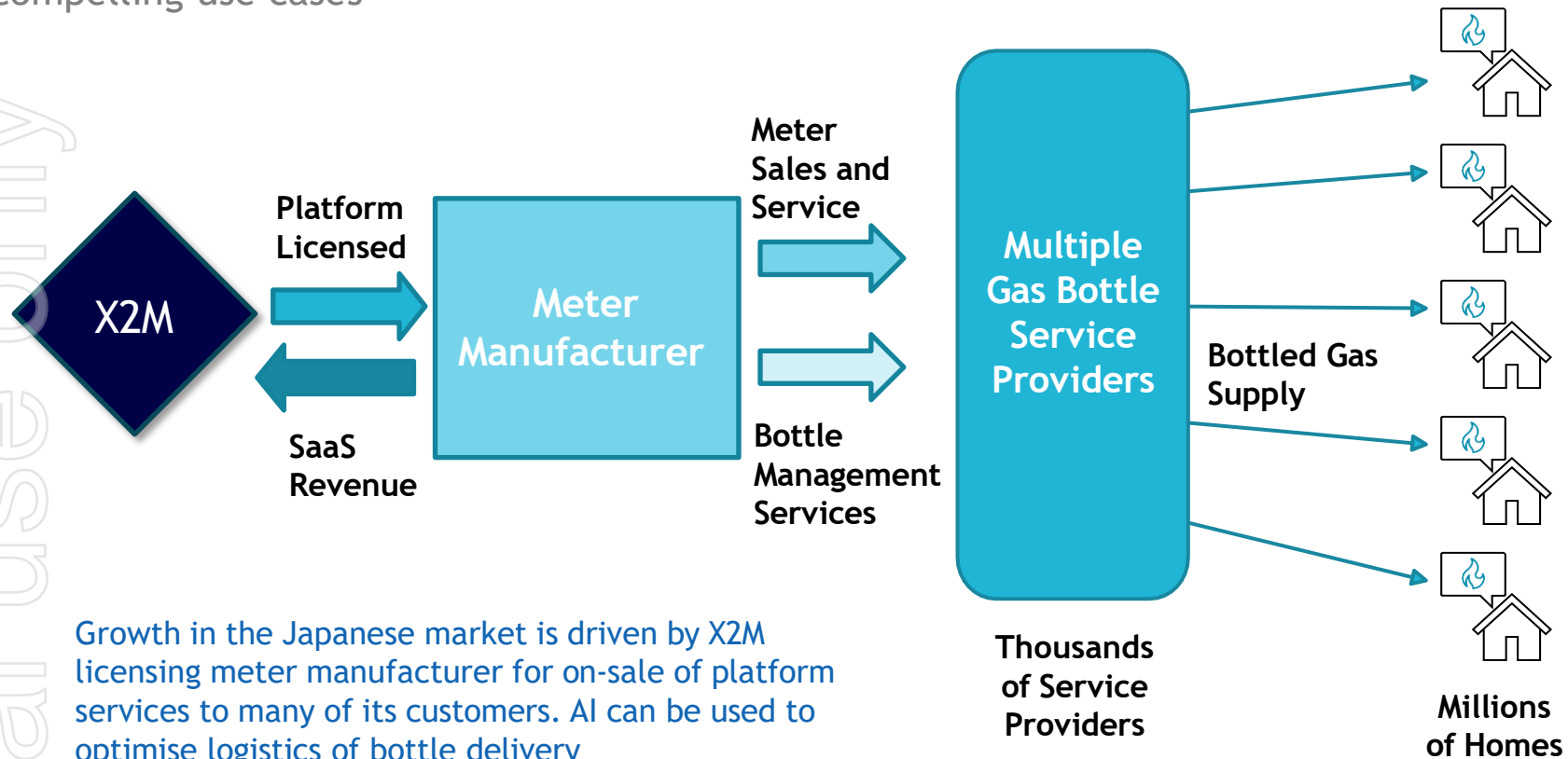
Flexibility

Cloud and edge-based capability – means greater communication flexibility and ability to function when power is lost

X2M in the field – automation and simple AI coming together

Bottled gas consumption analytics and logistics management delivering compelling use cases

X2M → **Platform Licensed** → **Meter Manufacturer** → **Meter Sales and Service** / **Bottle Management Services** → **Multiple Gas Bottle Service Providers** → **Bottled Gas Supply** → **Millions of Homes**

SaaS Revenue

Thousands of Service Providers

Growth in the Japanese market is driven by X2M licensing meter manufacturer for on-sale of platform services to many of its customers. AI can be used to optimise logistics of bottle delivery

In Japan, more than 230,000 households monitored and controlled on the X2M platform across >100 service providers as at July 2023

Estimated cost savings from optimised logistics is 20%

X2M in the field - data and event driven benefits

33 municipalities are receiving benefits from remote water monitoring and control in South Korea

Capturing new government municipalities and repeat orders from existing customers through provision of improved:

- **Billing and process automation**
- **Data analytics and customer profiling**
- **Leak detection and waste reduction**
- **Improved service provision**
- **Infrastructure management**

Public safety benefits through elderly/disabled person water use analysis and alert generation

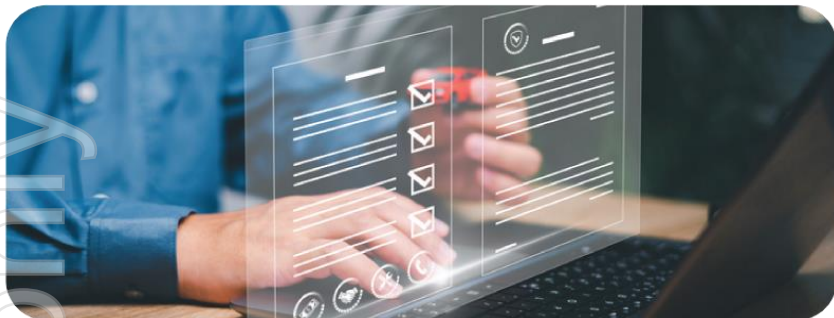**In South Korea ~200,000 households are connected to the X2M platform across 33 municipalities as at July 2023**

Total Addressable Market >$900m
TAM of contracted customers >$400m

X2M revenue model

X2M secures revenue through two structures

FULL END TO END MANAGED SERVICE

- X2M contracts with enterprise customers – China, Taiwan, South Korea and Australia
- X2M delivers full end to end solution and support functions
- X2M sells communication hardware and receives a margin
- X2M provides data delivery/SaaS services on a subscription basis
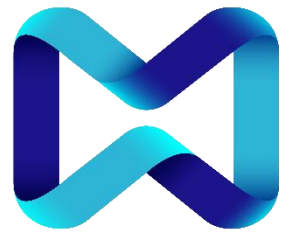- X2M provides hardware maintenance services on a subscription basis

PLATFORM AND IP LICENCING

- "Intel Inside" type model - Japan
- X2M contracts Licensee who in turn contracts end customers
- Licensee undertakes all sales, marketing, deployment and customer support functions
- X2M charges an initial fee for establishment of platform
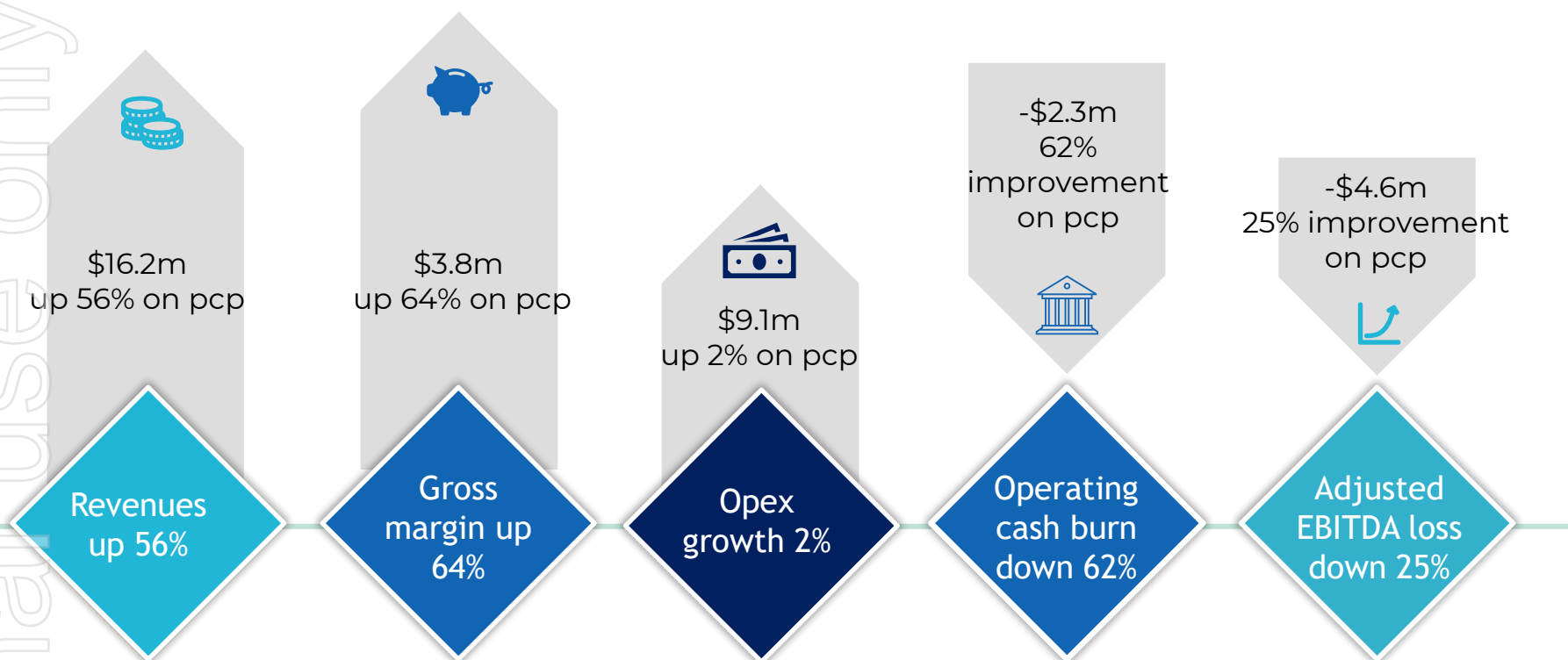- X2M charges a monthly SaaS fee for service delivery

FY23 Results Summary

FY23 KPI's set path to positive cashflows

Core business performance – FY23[1]

$16.2m
up 56% on pcp

Revenues up 56%

$3.8m
up 64% on pcp

Gross margin up 64%

$9.1m
up 2% on pcp

Opex growth 2%

-$2.3m
62% improvement on pcp

Operating cash burn down 62%

-$4.6m
25% improvement on pcp

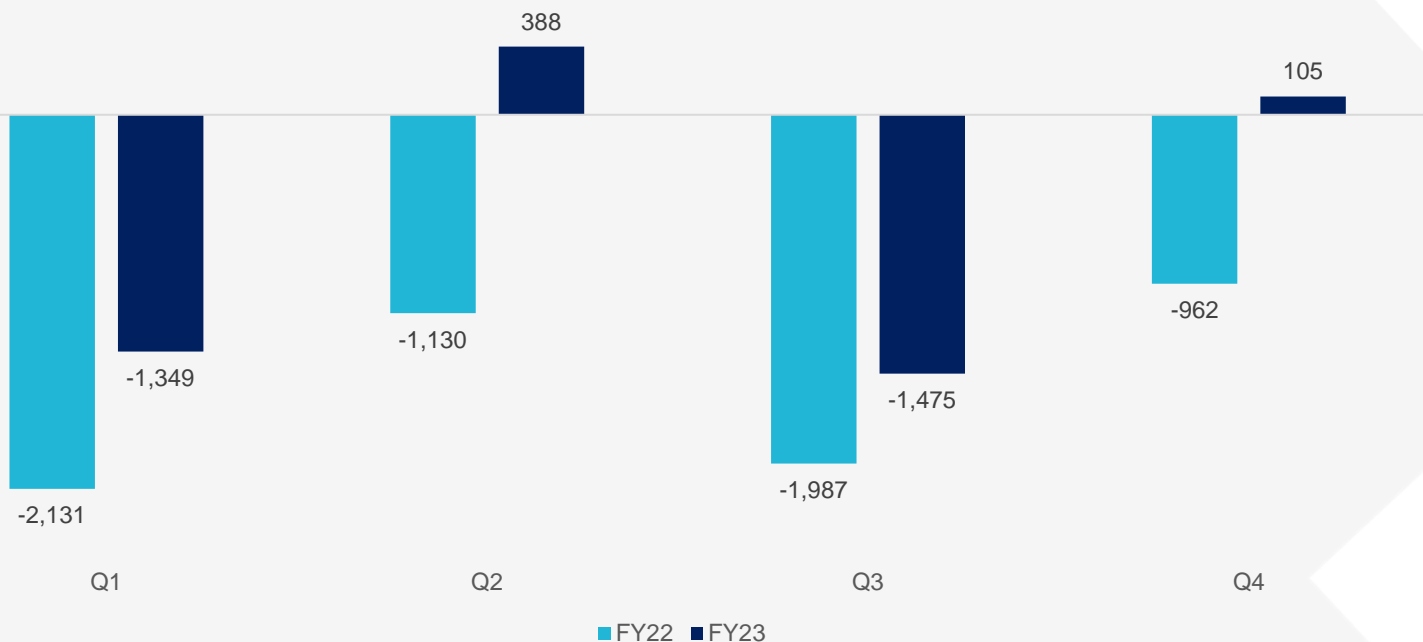**Adjusted EBITDA loss down 25%**

1. All FY23 financial results in this presentation are unaudited

FY23 Operating cash burn comes down significantly

FY23 operating activity cash burn of $2.3m is an improvement from $6.2m in FY22

X2M reported positive cash flow from operating activities for 2Q23 and 4Q23 (Appendix 4C)

QUARTERLY OPERATING CASHFLOW COMPARISON

Q1: FY22 -2,131 | FY23 -1,349
Q2: FY22 -1,130 | FY23 388
Q3: FY22 -1,987 | FY23 -1,475
Q4: FY22 -962 | FY23 105

■FY22 ■FY23

Strategy driving revenue growth more than cost growth

($'m)	FY23	FY22	Change
Revenue	16.2	10.4	56%
Cost of Sales	(12.4)	(8.1)	53%
Gross Profit	3.8	2.3	64%
Other income	0.7	0.4	49%
Overheads[1]	(9.1)	(8.9)	2%
Adjusted EBITDA[1]	(4.6)	(6.1)	-25%
Depreciation and Amortisation	(1.1)	(0.9)	12%
Other	(0.2)	(0.1)	100%
Share-based Payments	(0.6)	(2.2)	-70%
IPO Expenses	-	(0.9)	-100%
Loss after Income Tax	(6.5)	(10.2)	-36%

> " *The company strategy is to secure enterprise customers and extend into their addressable market to drive high volumes of repeat sales* "

1. The balances are adjusted for non cash amounts and IPO expenses not expected to occur in the future
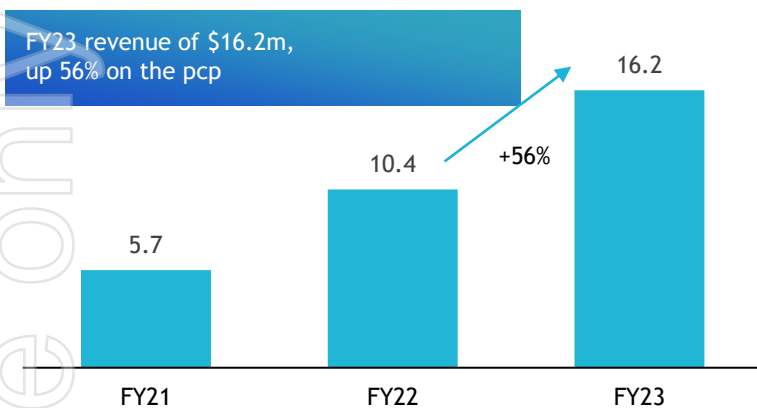
30 June 2023 Balance Sheet

($'m)	FY23	FY22	Change
Current assets	9.4	4.2	120%
Non-current assets	4.8	3.9	23%
Total assets	14.2	8.2	73%
Current liabilities	(13.1)	(6.0)	118%
Non-current liabilities	(0.7)	(0.6)	11%
Total liabilities	(13.8)	(6.6)	108%
Net assets/Total equity	0.4	1.6	-74%

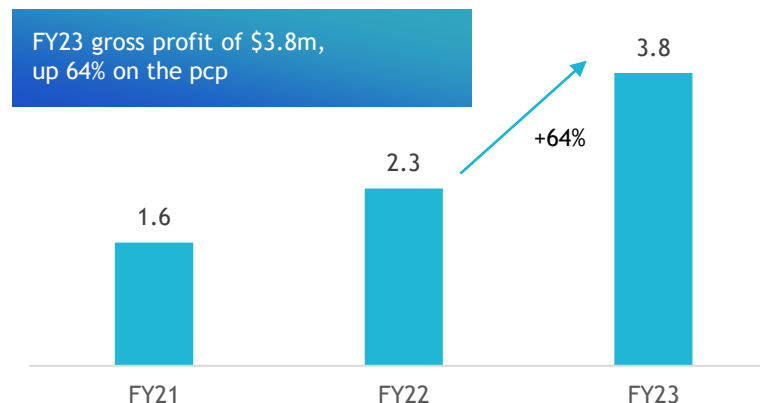*"Balance sheet strengthened through August 2023 capital raise"*

1. The balances are adjusted for non cash amounts and IPO expenses not expected to occur in the future
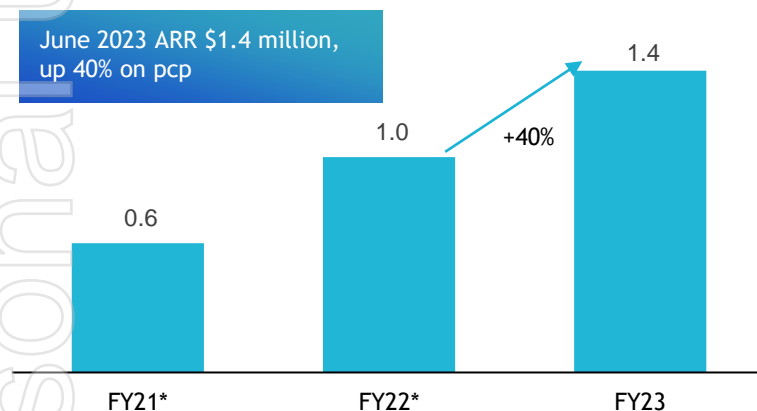
Performance since listing

Revenue ($M)

FY23 revenue of $16.2m, up 56% on the pcp

- FY21: 5.7
- FY22: 10.4
- FY23: 16.2

+56%

Gross profit ($M)

FY23 gross profit of $3.8m, up 64% on the pcp

- FY21: 1.6
- FY22: 2.3
- FY23: 3.8

+64%

Annualised recurring revenue* (ARR, $ millions)

June 2023 ARR $1.4 million, up 40% on pcp

- FY21*: 0.6
- FY22*: 1.0
- FY23: 1.4

+40%

*ARR is annualised SaaS and maintenance revenues and excludes Gochang hardware subscriptions in FY21 and FY22

Adjusted EBITDA

Adjusted EBITDA loss of $4.6m, a 25% improvement on pcp

- FY21: -4.4
- FY22: -6.1
- FY23: -4.6

-25%
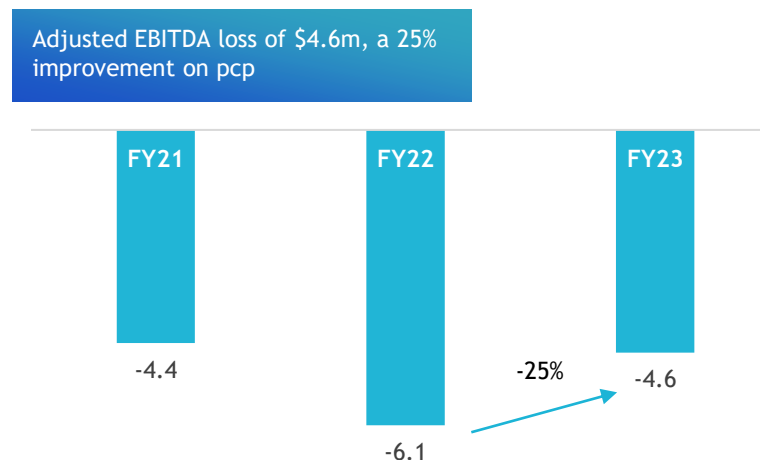
Connected devices continue growth

Repeat orders from customers and pipeline conversion drive future SaaS revenues

> **Annualised Recurring Revenue increased from $0.7m in Dec 2021 to $1.4m in June 2023**

6 years to connect first ~50k devices

15 months to connect next ~50k devices

6 months to connect next ~50k devices

6 months to connect next ~50k devices

6 months to connect next ~100k devices

6 months to connect next ~100k devices

2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
50,426	53,889	63,713	75,540	89,952	104,804	123,256	152,304	181,102	196,037	245,265	292,806	361,345	390,626	428,801

Cumulative connected devices

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

Key take outs from FY23

Another year of solid performance

Cash burn reducing and a clear path to positive operating cashflows

A technology solution that is resonating

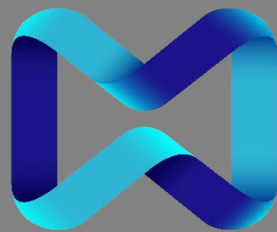Customer base represents a large addressable market with penetration growing

X2M platform is being adopted across the APAC region

A management team delivering

"Stage is now set to transition to a significant player in utility automation, data collection, artificial intelligence and machine learning"

Outlook

Our Vision

"Our Vision is to communication enable millions of end devices onto the X2M platform through a B2B market play that gives us access to and monetises a significant enterprise market and in time, a very large consumer market"

Outlook for X2M expected to be positive

IoT adoption by enterprises and government to be strong

Government incentives for utility digitisation in most markets expected to deliver tail winds

Utility sector expected to accelerate adoption of smart devices and be resilient to economic conditions

Big data analytics, AI and machine learning to drive demand for data and digitisation and an increase in per device revenue

Smart devices, meters with communication capability expected to increase availability and at a lower price, further improving use cases

Installed base of smart electricity meters in APAC to grow from 757.7 million in 2021 to 1.1 billion in 2027 (CAGR 6.2%)[1]

Installed base of smart gas metering endpoints in APAC to grow from 124.5 million in 2021 to 357.1 million in 2027 (CAGR 19.2%) [1]

1. https://www.berginsight.com/smart-metering-in-asia-pacific

FY24 Targets

> 20% Revenue growth

> 60% growth in annualised recurring revenues

> 50% growth in gross profit

Operating costs flat and cash burn halved

>50% growth in connected devices

X2M's current markets represent a large catchment, and its existing customers have a large addressable market

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

Total market size in current countries is 250 million people and 104m households

Total addressable market across existing customers is over 10m households[1] with a revenue potential above $500m

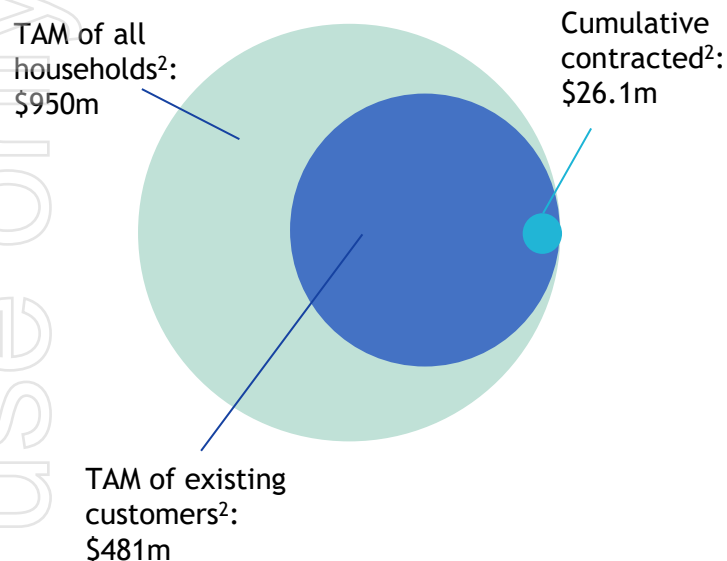Total annual recurring revenue potential across existing customers[2] is approximately $40m per annum

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

X2M's position in South Korea and Japan illustrates potential

Total addressable market is huge and now being harvested. A validation of current strategy
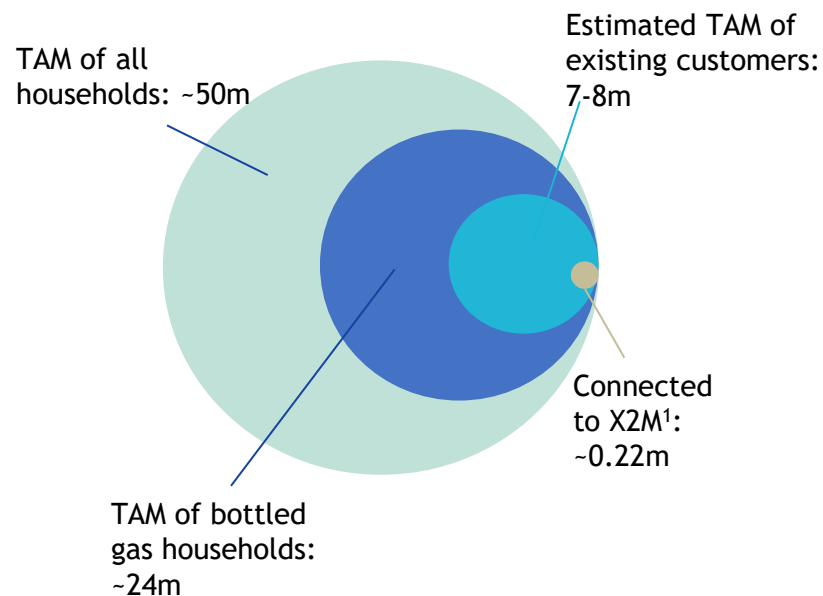
SOUTH KOREA MARKET

TAM of all households[2]: $950m

Cumulative contracted[2]: $26.1m

TAM of existing customers[2]: $481m

JAPAN MARKET

TAM of all households: ~50m

Estimated TAM of existing customers: 7-8m

Connected to X2M[1]: ~0.22m

TAM of bottled gas households: ~24m

> **Existing customers provide a substantial potential market that is being progressively contracted**

> **Connected devices in Japan have grown ~130% during last 18 months**

- Total addressable market (TAM) 7.9m households, $950m in potential value[2]
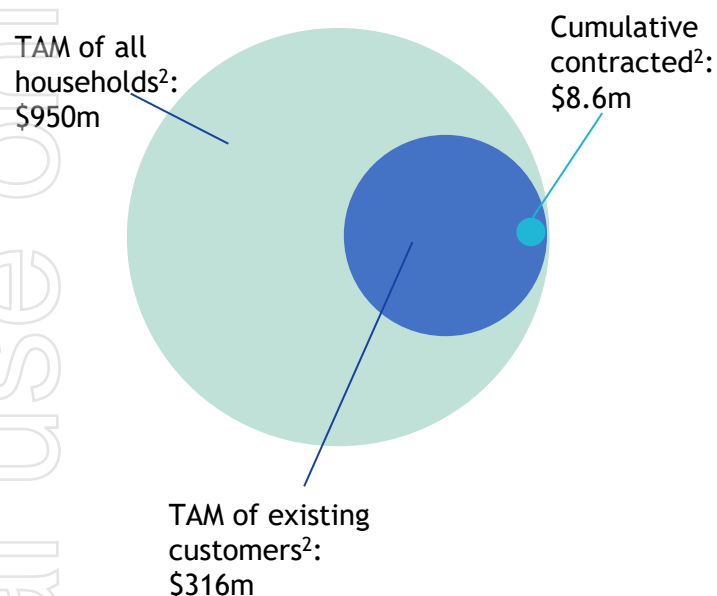- Existing customer TAM – 4.0m households, $455m in potential value[2]

1. Data as at 30 June 2023.
2. South Korea total addressable market (TAM) and contracted values are based on Year 1 bundled revenues of A$120 per device.
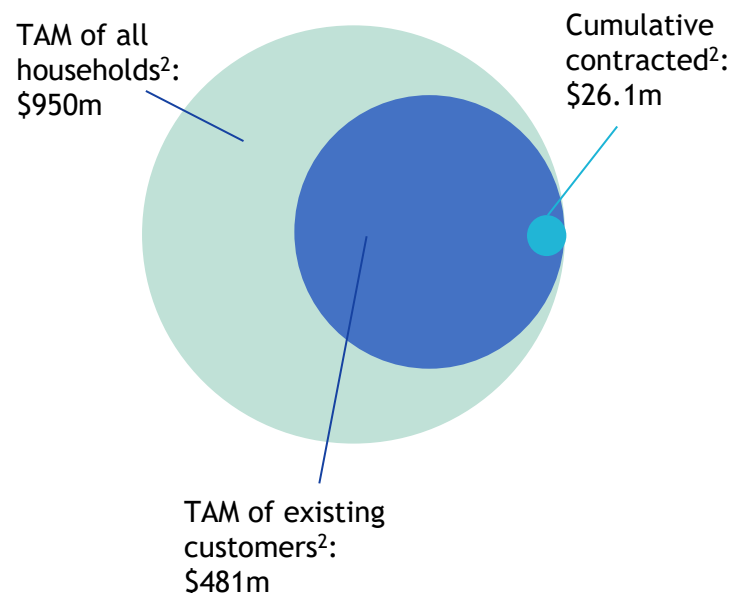
Land and expand strategy is working and will be driven harder

Korea example - Total addressable market and share of TAM increasing as X2M gets embedded into customer eco systems generating follow-on orders

SOUTH KOREA MARKET – SEP 2021

TAM of all households[2]: $950m

Cumulative contracted[2]: $8.6m

TAM of existing customers[2]: $316m

SOUTH KOREA MARKET – JUN 2023

TAM of all households[2]: $950m

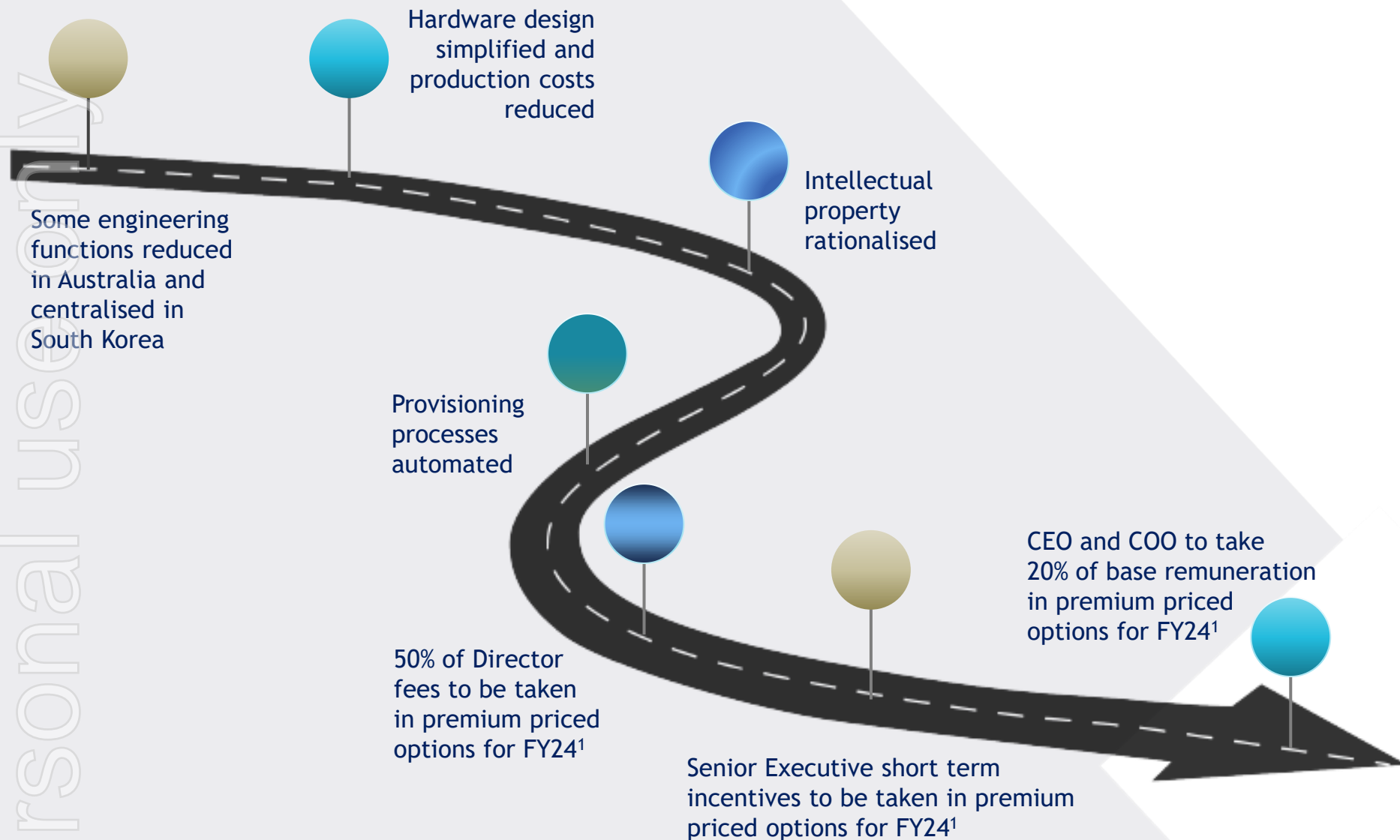Cumulative contracted[2]: $26.1m

TAM of existing customers[2]: $481m

Over the last twenty one months, in South Korea, the TAM of X2M's existing customers has increased from $A316 million to $A481 million. This represents an increase from 33% to 51% of the total South Korean country market. Contracting of the customers' TAM, on average, has increased from 2.7% to 5.4%. Despite strong growth, overall penetration of customers TAM is low and augers well for future growth

Growth to be accompanied with a path to positive cashflow

Cost reduction and cash conservation initiatives

Hardware design simplified and production costs reduced

Intellectual property rationalised

Some engineering functions reduced in Australia and centralised in South Korea

Provisioning processes automated

CEO and COO to take 20% of base remuneration in premium priced options for FY24[1]

50% of Director fees to be taken in premium priced options for FY24[1]

Senior Executive short term incentives to be taken in premium priced options for FY24[1]

Strategy Update
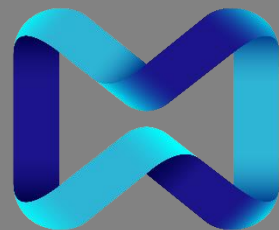
Our journey has been in three horizons

X2M well positioned for Horizon 3 - Transformation

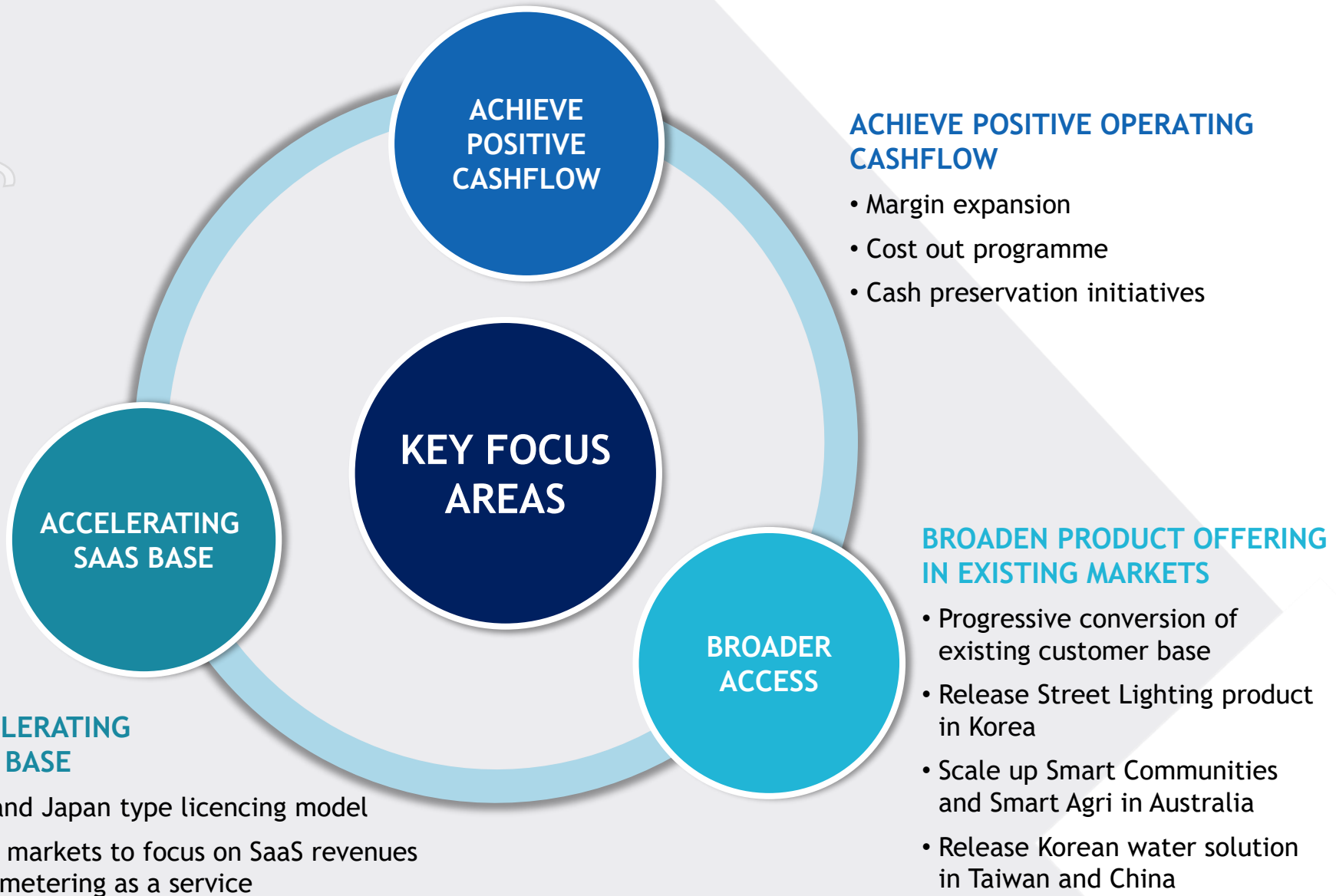| VALIDATE DONE	COMMERCIALISE DOING	TRANSFORM ENTERING
• Build platform • Trials and proof of concepts • Patent Expansion • Build brand • Build pipeline • Target B2B market • Listed Sept 2021	• Land and expand strategy working • 5 countries, 65 enterprise and government customers • TAM from existing customers[1] >$500m • Repeat orders significant • Need for additional capital declining	• Deliver positive EBITDA and Cashflow • Support smart city applications • Drive deeper into data collecting and AI territory • Accelerate recurring SaaS base • Get liquidity, drive value

1. Total addressable market assumes customer installs X2M current bundled services to all its households

Top three mid-term priorities

ACHIEVE
POSITIVE
CASHFLOW

ACCELERATING
SAAS BASE

KEY FOCUS
AREAS

BROADER
ACCESS

ACHIEVE POSITIVE OPERATING CASHFLOW

- Margin expansion
- Cost out programme
- Cash preservation initiatives

BROADEN PRODUCT OFFERING IN EXISTING MARKETS

- Progressive conversion of existing customer base
- Release Street Lighting product in Korea
- Scale up Smart Communities and Smart Agri in Australia
- Release Korean water solution in Taiwan and China

ACCELERATING SAAS BASE

- Expand Japan type licencing model
- New markets to focus on SaaS revenues and metering as a service

X2M and Artificial Intelligence

What is it: At a simple level 'it is a machine's/ device's ability to perform a task normally carried out by a humans" (ZDNET).
At a more complex level McKinsey & Company describe it as 'a machine's ability to perform cognitive functions we associate with human minds'

Both ends of the spectrum require rich data to collect information for processing and the two way ability to go back and take actions to effect an outcome
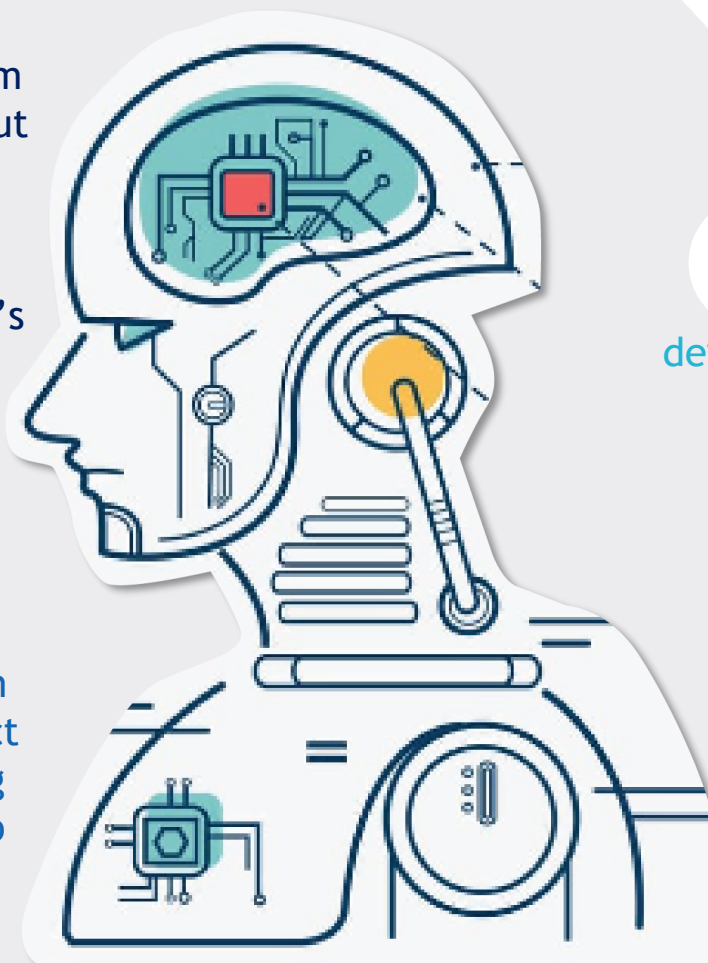
The X2M platform is an enabler that makes AI come to life

X2M well positioned in the collection of data from "any device" and its ability to go back and instruct that device on how to behave

Access to consumer data through a B2B play that collects data from a range of domestic utility devices puts X2M in a strong position for a wide range of AI applications

Summary

X2M a compelling investment proposition

Significant and growing addressable market

Existing customer base provides an immediate addressable market to harvest within utility digitisation and energy management in APAC.

Attractive business model

Comprising upfront fees and recurring subscription revenues. Highly scalable with modest cost growth. New markets to drive SaaS and recurring revenues. Customer mandates are long and sticky

Leading edge technology

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

Proven performance

X2M's management team is delivering consistent performance and are shareholders in the Company. Board is well experienced and independent

Summary

X2M is digitising utilities with compelling business cases for process automation, public safety, artificial intelligence and machine learning.

X2M's IP enables collection and aggregation of rich data and automated control of end devices and machines.

The X2M patented platform is the "glue" that enables a range of applications from automation to AI and machine learning with demand growing as these services proliferate.

The market environment for X2M is expected to be conducive driven by demand for data and a range of government incentives in core markets.

The 2023 results are strong and demonstrate capability to execute and deliver.

The Company's strategic programme builds on current business footprint, capitalises on the large addressable market within the existing customer base whilst pushing further into the SaaS and recurring revenue space.

All of the above within a context of disciplined management and focus on getting to positive cash flows.

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