ASX Announcement | 17 May 2022
X2M Connect Limited (ASX:X2M)

X2M's growth momentum continues in H2 FY22 with three new contract wins in South Korea

Investment Highlights

- X2M Connect has secured another three contract wins in South Korea, with a combined value of approximately A$1.25 million. The total contract value secured in South Korea during this financial year now exceeds A$7.3 million.

- Sees X2M Connect's enterprise and government client base rise to 45

- The contracts are for remote water monitoring and control in another 10,387 households

- The new customer relationship created by one of these contracts adds the potential for future contracts for approximately 24,000 households

- Revenue to 31 March 2022 is A$6.1 million (unaudited)

- Contracted revenue for recognition in the coming months stands at A$5.1 million

Australian Internet of Things (IoT) technology company **X2M Connect Limited** (ASX:X2M) ("X2M" or "the Company") is pleased to announce that its strong growth momentum has continued in the second half of FY22 with the signing of three customer contracts for remote water monitoring and control.

X2M's working relationship with K Water extended

X2M has secured three additional wins in South Korea that have a combined value of around A$1.25 million. Under the contracts, X2M will provide to its clients remote water monitoring and control services, including the X2M IoT platform, devices and 12 months of SaaS-based remote meter monitoring. Prior to the end of the abovementioned 12-month fee period, a new monthly SaaS charge will be agreed to for an extended monitoring period.

X2M signed a contract for the 1,987-household monitoring solution with the Hongseong branch of K Water Resources Corporation (K Water). Deployment of this K Water solution will be finished within 180 days of contract signing. X2M has now won six tenders through K Water, the principal Government agency for water management in South Korea, over the past seven months.

In the other contract wins announced today, X2M received two orders for remote water monitoring for 8,400 households for municipalities that already have X2M devices deployed. Deployment of these additional devices will be finished within 180 days.

X2M now has contracts for approximately 30,000 households to be deployed in South Korea over the next seven months.

X2M's growth strategy is getting results and has significant upside potential

X2M's strategy for water in South Korea is to secure deployments across many of the South Korean municipalities and then leverage these initial deployments to penetrate the balance of each municipality's households.

The Total Addressable Market for the new customer onboarded by the K Water contract is approximately 26,000 households, equivalent to approximately A$3 million[1]. X2M's strong position in the South Korean market, together with the incumbency these mandates deliver, positions it well to secure future opportunities.

Securing these contracts takes the total number of Enterprise and Government customers across the X2M group to 45. The following chart highlights X2M's growth potential in the South Korean market.
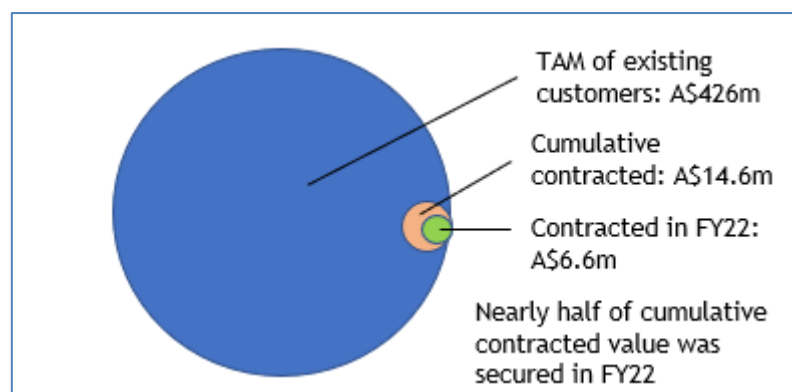

TAM of existing customers: A$426m

Cumulative contracted: A$14.6m

Contracted in FY22: A$6.6m

Nearly half of cumulative contracted value was secured in FY22

Chart 1: South Korea has significant potential[1]

Note 1: Total addressable market (TAM) and contracted values in Chart 1 are based on a nominal per device charge of A$120.

X2M delivering on IPO commitments

Since listing in September 2021, X2M has delivered on its growth expectations. The following is a list of contract win announcements since listing:

- 18 Oct 2021 – K Water A$1.49 million - 9,377 households
- 19 Nov 2021 – K Water A$2.6 million - 20,278 households
- 20 Dec 2021 – China contract A$0.7 million
- 25 Jan 2022 – Gochang extension - A$1.03 million
- 28 Mar 2022 – China contracts A$1.0 million
- 31 Mar 2022 – South Korea A$0.85 million - 5,360 households
- 17 May 2022 – South Korea A$1.25 million – 10,387 households

The South Korean contracts since listing have added more than 420,000 households to X2M's South Korea customer addressable market.

The total number of connected devices now exceeds 200,000 with 208,559 devices connected to the IoT platform at end of April 2022, having increased 69% during the FY22 financial year.

Contracted revenue for recognition in the coming months stands at A$5.1 million.

X2M CEO Mohan Jesudason said: "X2M is quickly becoming an Australian success story. The

growth of our South Korean business continues to please us and the ongoing success with new branches of K Water together with repeat orders from municipalities is indicative of our standing in this market. This is a key component of our long-term strategy to secure customers with large numbers of households that will drive future subscription revenues. These contracts provide further evidence that X2M will continue to secure new utility customers as well as increase the penetration in existing customers both adding revenue directly and significantly increasing X2M's overall addressable market. With an increasing number of municipalities providing repeat orders in this key Asian market, our confidence grows that X2M can reap the potential inherent in this growing addressable market through adding households in existing customers over the next two to three years."

Ends

The Board of X2M has approved this announcement.

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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.

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 200,000 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 or follow us on LinkedIn.