ASX Announcement | 1 June 2022
X2M Connect Limited (ASX:X2M)

X2M's Asia footprint continues to build with new contracts signed in China and Taiwan

Investment Highlights

- New China contracts boost country revenue by 43%

- New contract wins in China valued at approximately A$1 million

- Take the number of contract wins in this all-important Asian market to eight

- Inclusive of these new contracts, X2M Connect's China-based revenues over financial year 2022 (FY22) to date exceed $3.3 million

- Second Taiwan contract win with the Government owned Taiwan Electronic Testing Center validates X2M's energy management solution

Australian Internet of Things (IoT) technology company **X2M Connect Limited** (ASX:X2M) ("X2M" or "the Company") is pleased to announce the signing of three new contracts. Two are further hardware and accessories orders from LianQing in China. The third contract secured is an energy management order from the Taiwan Government's Electronics Testing Center.

The China contracts further strengthens X2M's working relationship with LianQing

The new China contracts, valued at a total of approximately A$1 million, will see LianQing acquire water quality sensor hardware and related accessories. They follow on from earlier contracts with LianQing announced in March 2022 (see X2M ASX Announcement dated 28 March 2022). Inclusive of these prior contracts, over A$3.3 million of revenues are now expected to be earned from X2M's China operations during FY22, a figure more than triple the Company's FY21 China revenues.
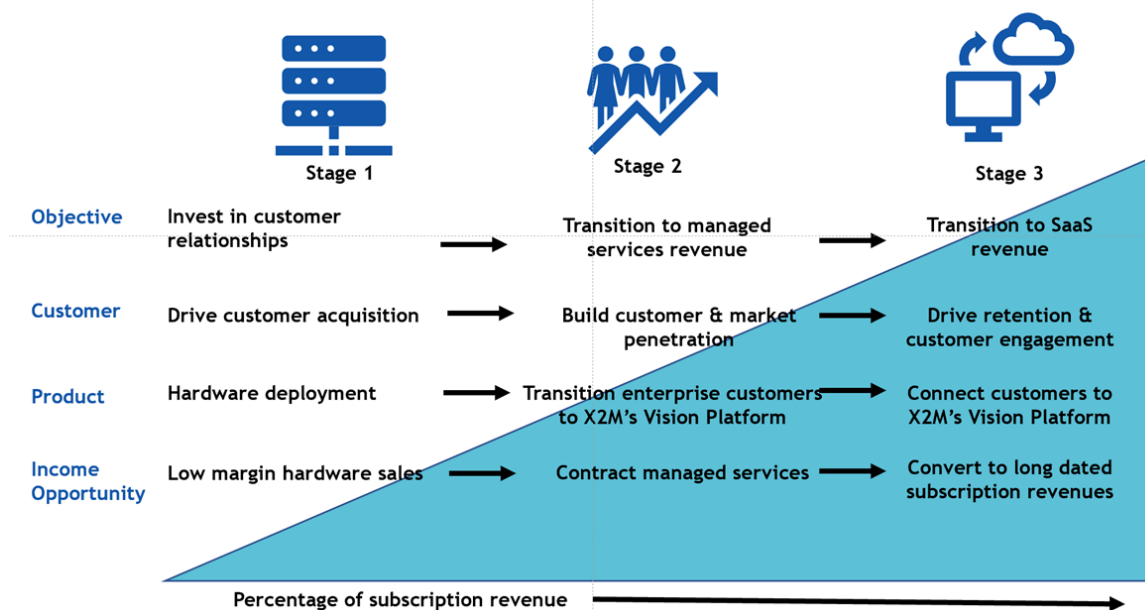
X2M's China growth strategy continues to take shape

These latest contract wins represents another step towards the delivery of X2M's clearly enunciated China market growth strategy. This involves the Company initially establishing a business base in this country through the sale of hardware and then follow up these sales with connection of devices to the X2M IoT platform. Over time, the successful execution of this growth plan is expected to impact favourably on customer growth and margin metrics.

The chart below highlights the evolution of X2M's business model to date.

Conversion of customers to SaaS contracts commenced

	Stage 1	Stage 2	Stage 3
Objective	Invest in customer relationships	Transition to managed services revenue	Transition to SaaS revenue
Customer	Drive customer acquisition	Build customer & market penetration	Drive retention & customer engagement
Product	Hardware deployment	Transition enterprise customers to X2M's Vision Platform	Connect customers to X2M's Vision Platform
Income Opportunity	Low margin hardware sales	Contract managed services	Convert to long dated subscription revenues

Percentage of subscription revenue →

X2M further penetrates energy management segment with Taiwan contract

X2M has now secured a second energy management order from the Taiwan Government's Electronics Testing Center (ETC). This approximately A$0.12 million contract for solar and battery energy management follows on from an initial ETC order received in late 2021. X2M's ongoing success in penetrating Taiwan's energy management market segment will be used as a model for its more recent move into Australia's energy management space. X2M recently announced its entry into the Australian energy management market, with a term sheet signed for a 1,000-lot smart community (see X2M ASX Announcement dated 30 May 2022).

X2M CEO Mohan Jesudason said: "These Asia-based contracts represent further steps in our efforts to validate the X2M strategy. We are thrilled with the growth that continues to be recorded by our Greater China business. These latest LianQing contracts clearly demonstrate that our stated China growth strategy is now piece-by-piece being delivered. They bring our FY22-to-date China revenue to more than $3.3 million, which is more than three times what we delivered in FY21.

The Taiwan-based Electronics Testing Center order has broader ramifications for the X2M group. From an Asia footprint perspective, it builds our Taiwan energy related profile. Of equal importance, it supports our move into the Australian energy management market segment, which started with the recently announced contract with domestic land developer Resi Ventures".

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.