X2M enters Japanese water digitisation sector supporting Azbil Kimmon

Highlights

- **X2M has entered the water digitisation market in Japan supporting Azbil Kimmon smart metering**
- **The initial phase of the partnership is a software development contract valued at $200,000 covering 5,000 connections**
- **The contract anticipates an increase to 50,000 meters which is expected to generate additional service fee revenue of $225,000**
- **X2M has an established partnership agreement in place with Azbil Kimmon for gas monitoring in Japan**
- **The Japanese market comprises around 60 million water meter connections, representing a potential SaaS revenue pool exceeding $100 million per annum**

Australian Internet of Things (IoT) technology company **X2M Connect Limited** (ASX:X2M) ("X2M" or "the Company") announces that it has executed a software development agreement with Azbil Kimmon supporting the water digitisation market in Japan.

X2M has an existing partnership arrangement with Azbil Kimmon whereby it provides gas meter monitoring services that support safety and optimised logistics for gas bottle dispatch and delivery in Japan. Building on the success of this arrangement, the partnership has extended into the water sector, which currently has limited remote monitoring capability.

X2M CEO Mohan Jesudason said: *"The Japan water market is large and represents a significant SaaS opportunity for X2M, aligning well with the strategic program we established last year. Japan has around 60 million water meters, the majority of which are ageing mechanical units managed by local government-operated utilities, creating strong demand for digital transformation, automated meter reading and remote leak detection.*

"It is a strong validation of our capabilities that Azbil Kimmon has chosen to extend our existing six-year relationship into the water sector. We will leverage our extensive experience in water digitisation in South Korea, which represents ~80% of Group revenue, to deliver an enhanced platform service to Azbil Kimmon. We look forward to building a successful and expanding partnership with Azbil Kimmon in this new area, which offers significant potential for X2M."

X2M and Azbil Kimmon will launch the smart water meter service into the Japanese market through an initial 5,000 water meters connected to the monitoring platform, increasing to up to 50,000 connected water meters. Azbil Kimmon develops, manufactures and sells city gas, LP gas and water meters and is developing a "smart meter as a service" business, which acquires and collects gas and water usage data and utilises it in the cloud.

X2M will provide its IoT platform through a Software as a Service (SaaS) arrangement akin to the existing gas monitoring services. The initial agreement, with a value of $200,000, is for platform deployment and services for up to 5,000 meters over a two-year term with the ability to extend to 50,000 at $25,000 per 5,000 meters within the period. This initial agreement is expected to lead to an ongoing SaaS agreement based on the

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existing gas monitoring and control agreement in place since 2020.

About the Japanese water market

The majority of water and sewage services in Japan are provided by local government-operated entities, which can be public utilities or departments of the local government. The Japanese government has put in place a program to promote water digital transformation to tackle the aging public infrastructure, including water supply and sewage systems. To accelerate this shift, the Ministry of Land, Infrastructure, Transport and Tourism published a Catalogue of Digital Technology in Water and Sewerage Systems, introducing 119 advanced solutions, ranging from predictive maintenance and inspection solutions to data management platforms, for use by local governments and water operators. Japan has approximately 60 million water meters most of which are ageing mechanical analogue units. With Japan's aging water infrastructure, labour shortages and rising operational costs, there is a growing demand for solutions to effectively manage the water supply and address maintenance problems. Specifically, automated meter reading and remote leak detection are issues for the water industry. Next generation smart water metering solutions that leverage advanced technologies represent a significant market opportunity. This partnership allows Azbil Kimmon to deliver solutions tailored to Japan, focusing on leveraging innovative technologies to address societal challenges and foster high-value-added services in the Japanese water industry. The total addressable market for SaaS monitoring services for the 60 million water meters is estimated at $100 million per annum.[1]

Ends

The Board of X2M has approved this announcement.

For further information contact:

X2M Connect Limited	**Investor Enquiries**	**Media Enquiries**
Mohan Jesudason	**Luke Maffei**	**Rama Razy**
Chief Executive Officer	Automic Markets	Automic Markets
investor.relations@x2mconnect.com	luke.maffei@automicgroup.com.au	rama.razy@automicgroup.com.au
T: 1 800 926 926 (1 800 X2M X2M)	T: +61 403 193 579	T: +61 498 440 142

About X2M Connect Limited

X2M Connect Limited (ASX:X2M) is a leading Australian IoT technology company delivering patented solutions that enhance productivity, reduce operational costs and improve public safety for utility and government customers. Its AI-powered platforms enable real-time data exchange, remote control and predictive insights by connecting water, gas and electricity meters as well as other critical sensors to the internet.

X2M's core platform underpins three product families, Vision by X2M, Hive by X2M and the Help Me safety device, supporting more than 85 customers across five key geographies. The Company has connected over 500,000 devices to date and continues to expand its footprint, leveraging strong government and enterprise relationships throughout Japan, South Korea, Taiwan and the Middle East, where it recently secured a platform licensing agreement with Dubai-based Dicode Smart Connect Electronics LLC. X2M generates revenue through a mix of hardware sales, recurring SaaS and platform fees, and device connection charges.

To learn more about X2M click here: www.x2mconnect.com or follow us on LinkedIn.

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[1] Assumes all households have X2M SaaS services at various annual rates

About Azbil Kimmon

Through its automation business, the azbil Group contributes to solving the challenges faced by society and its customers, aiming to realize a sustainable society and achieve its own growth. Within the azbil Group, Azbil Kimmon, ak.azbil.com, plays a central role in the Life Automation business, which aims to provide vibrant and fulfilling lives for people. Specifically, Azbil Kimmon develops, manufactures and sells city gas, LP gas and water meters, as well as related equipment, and provides engineering services such as meter replacement. In addition, building on over 120 years of expertise in measurement technology, Azbil Kimmon is developing the smart meter as a service business, which acquires and collects gas and water usage data and utilises it in the cloud.