

ASX ANNOUNCEMENT

28 August 2025

FY25 Results

FY25 Key Outcomes

- Results reflect the slow down in the Korean market and X2M's strategy of focusing on high-margin markets, exiting low-margin hardware-only sales, and re-baselining its operating costs
- Revenue from continuing operations was \$6.5 million (FY24: \$11.3 million)
- China operations have been discontinued
- Gross profit margin improved to 47% (FY24: 42%) driven by increased SaaS and maintenance revenue share
- Operating expenditure, excluding cost of sales and share based payments, fell to \$6.9 million (FY24: \$8.1 million) driven by strong cost control, lower headcount, lower product remediation costs and general operational efficiencies
- Enterprise/government customers increased 12% to 84 (FY24: 75)
- Net debt as at 30 June 2025 was \$4.7 million (30 June 2024: \$1.2 million)

Outlook

- The Company has entered FY 2026 with good momentum. Contracts scheduled for delivery in 1HFY26 together with existing SaaS and maintenance revenue arrangements already exceed the FY25 full year revenue
- The UAE which the Company entered in 2025 has commenced revenue generation
- The delivery of AI applications into the renewable energy market is nearing commercialisation
- Balance sheet has been strengthened post year-end with approximately \$5.4 million (before costs) raised from the Placement and Entitlement Offer. In addition, approximately \$1.25 million of borrowings were directed to the purchase of new equity.

Australian Internet of Things (IoT) technology company **X2M Connect Limited** (ASX:X2M) ("X2M" or "the Company") announces its financial results for the year ended 30 June 2025 (FY25).

X2M CEO Mohan Jesudason said: "FY25 was a pivotal year for X2M as we successfully executed our business transformation strategy – exiting low-margin sales, focusing on recurring SaaS and maintenance revenues, and entering new high-growth markets in renewable energy, public safety, and the Middle East.

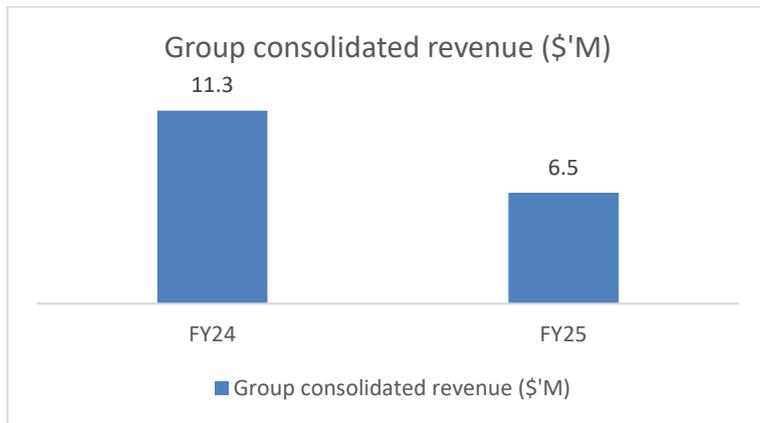
"While the top line reflected the deliberate shift away from low-margin revenue and challenging conditions in South Korea early in the year, the improvement in gross margins, reduction in costs, and increasing percentage of recurring revenue are clear indicators of the operational progress we've made.

“Our partnerships are already delivering strong outcomes, from Dicode’s rapid traction in the UAE to securing major municipal contracts in South Korea and launching our AI-led renewable energy platform in Taiwan.

“The balance sheet has been significantly strengthened with equity raises before and after year-end, positioning us well to deliver growth in FY26 and beyond.”

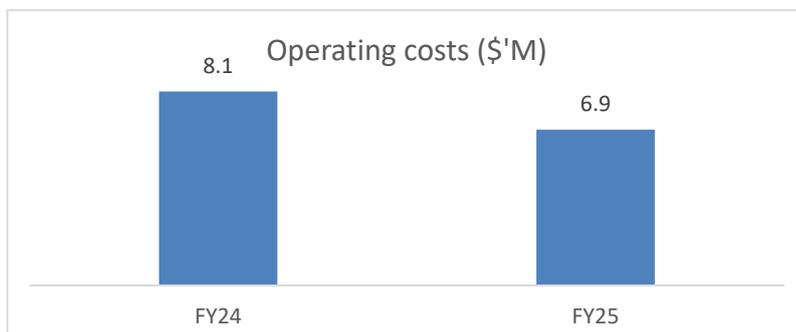
Financial overview

X2M achieved total revenues from continuing operations of \$6.5 million, down 43% on the pcp (FY24: \$11.3 million), reflecting softer South Korean market conditions partially offset by new market entries.



Gross profit of \$3.0 million decreased 36% on the pcp despite revenue reducing 43%, while the margin was 47%, up 5 basis points on the pcp (FY24: 42%). The margin improvement primarily reflected the growth in SaaS and maintenance revenue share.

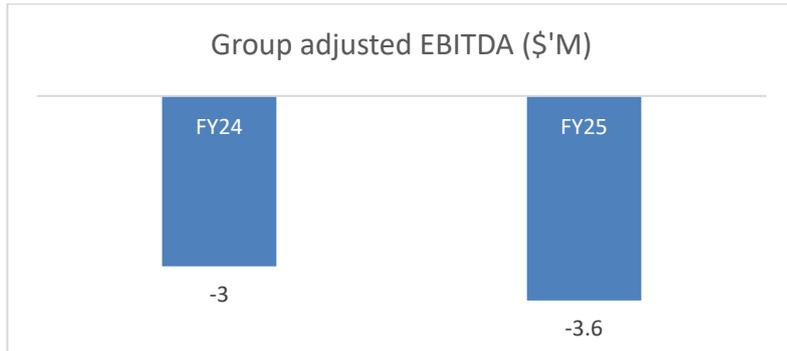
Operating expenses were \$6.9m (FY24: \$8.1m), down 14% year-on-year through strong cost discipline, lower headcount, lower product remediation costs, and general operational efficiencies.



The adjusted EBITDA¹ loss was \$3.6 million versus a loss of \$3.0 million in the pcp. This reflected the benefit of lower operating costs largely offsetting the decline in gross profit.

¹ Adjusted EBITDA is a non-IFRS measure calculated as earnings before income tax, and before depreciation and amortisation, finance costs, impairment and share based payments.

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Net cash outflows from operating activities in FY25 were \$2.79 million (FY24: \$2.38 million). This variation was primarily driven by a decline in revenues.

Total cash at 30 June 2025 was \$1.6 million (2024: \$1.8 million), borrowings were \$6.3 million (2024: \$3.0 million), resulting in net debt of \$4.7 million (2024: \$1.2 million).

Impairment

Following a review of the carrying value of capitalised development costs, the Company has recognised a non-cash impairment charge of \$4.9 million (FY24: Nil). This largely reflects FY25 results, with forecast growth now coming from a lower base.

Discontinued operations

The Company has reviewed the China operations and determined to exit this market. The operations in China are treated as discontinued operations in the X2M financial statements.

Events post balance date

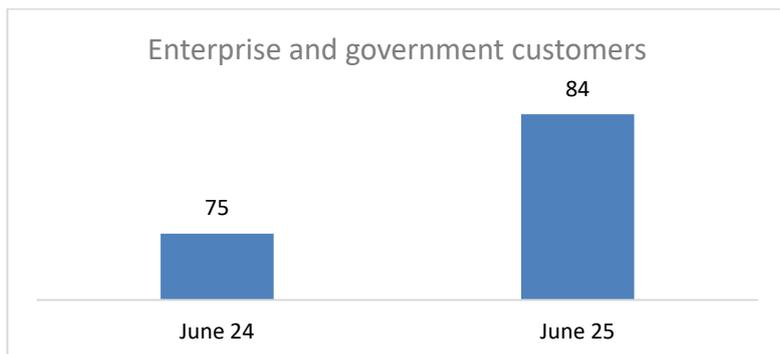
Balance sheet has been strengthened post year-end as follows:

- Approximately \$5.4 million (before costs) raised from the Placement and Entitlement Offer, and
- Approximately \$1.25 million of borrowings directed to the purchase of new equity.

[Operational overview](#)

Historically, X2M's growth strategy has centered on increasing connected devices to drive recurring SaaS revenues from long-term contracts. With the addition of renewables and AI platform offerings, future SaaS and maintenance revenues will become less dependent on connected device volumes.

X2M's enterprise and government client base continued to rise steadily, reaching 84 at 30 June 2025, up 12% on the pcp, supported by repeat orders from existing clients and expansion into new sectors.



South Korea

In South Korea, where the majority of revenue is generated, X2M increased its market share in a softer market achieving \$5.4 million of revenue predominantly in new remote water metering contracts across multiple municipalities and securing \$2.5 million in new contracts for delivery in 1H FY26. The Company also partnered with the City of Seoul on its flagship IoT Portable Safety Alarm Project, a \$3 million initiative to supply 100,000 “Help Me” personal safety devices, with the potential to scale to one million units under the city’s broader public safety strategy.

Middle East

In the Middle East, X2M advanced its regional footprint by signing a 10-year licensing agreement with Dicode Smart Connect Electronics for the exclusive use of “Vision by X2M” in UAE gas metering services. This partnership delivered rapid traction, with Dicode winning a second major 2025 contract to install 10,000 smart gas meters, expected to generate \$400,000 in gross profit over the next decade. X2M also acquired a 7% equity stake in Dicode, while retaining flexibility to pursue direct opportunities in the region.

Renewable Energy

The Company launched *Hive.AI by X2M* in collaboration with Sirius Dignitech, an AI-driven platform designed to enhance operational efficiency and energy yield for renewable energy companies. The initial launch is underway in Taiwan, with broader expansion planned across the Asia-Pacific region.

Outlook

X2M CEO Mohan Jesudason said: *“We head into FY26 with real momentum, having already secured \$5.5 million in new contracts for delivery in the first half, giving us strong revenue visibility from day one. These contract wins together with other recurring revenues already exceed the 2025 full year revenue results. These wins, from major municipal water digitisation projects in South Korea to the City of Seoul’s public safety initiative, set the tone for the year ahead. With growing traction in the Middle East, the early success of Hive.AI by X2M in Taiwan, and a strengthened balance sheet supporting our expansion plans, we are confident that FY26 will continue the strong momentum that the business delivered in the second half of FY25.”*

Ends

The Board of X2M has approved this announcement.



For further information contact:

X2M Connect Limited

Mohan Jesudason
Chief Executive Officer

investor.relations@x2mconnect.com

T: 1 800 926 926 (1 800 X2M X2M)

Investor Enquiries

Howard Marks
Automic Markets

howard.marks@automicgroup.com.au

T: +61 402 438 019

Media Enquiries

Rama Razy
Automic Markets

rama.razy@automicgroup.com.au

T: +61 498 440 142

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 connected more than half a million devices 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 has recently extended its focus into the Middle East by licensing its platform to Dicode Smart Connect Electronics LLC, a Dubai based business.

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