

X2M operating environment improving and well set for FY26

Quarterly Activity Report and Appendix 4C

Q4 FY25 Highlights¹

- Q4 was a positive quarter for X2M with an improvement in revenue trends, new contracts secured leading into 1H26 and good progress in strengthening the balance sheet
- Revenue from continuing operations of \$1.7 million, down 17% on the previous corresponding period (pcp) which was a significant improvement relative to the previous three quarters
- New contracts for \$5.5 million scheduled for delivery in 1HFY26
- Balance sheet strengthened with \$1.95 million placement
- Adjusted EBITDA² from continuing operations was a loss of \$1.1 million, up from a loss of \$0.7 million pcp
- Strategic partner Dicode Smart Connect Electronics won a contract to install smart gas meters across 10,000 apartments
- Promoted its world-leading AI solution for renewable energy 'Hive.AI by X2M'
- Enterprise/government customers increased to 84, up 12% on the pcp
- Net cash outflows from operating activities for the quarter were \$0.5 million, down 55% on the pcp
- Secured a Placement of \$1.95 million
- Total cash as at 30 June 2025 was \$1.6 million
- Post balance date, X2M launched a Placement and Entitlement Offer to raise up to \$4.9 million

Australian Internet of Things (IoT) technology company **X2M Connect Limited** (ASX:X2M) ("X2M" or "the Company") provides its quarterly activity report and Appendix 4C for the period ended 30 June 2025.

X2M CEO Mohan Jesudason said: "It is pleasing to see evidence of an emerging trend of recovery in Q4 with revenue improved relative to previous quarters, \$5.5 million of new contracts secured, assuring us of a stronger FY26, and partnerships beginning to deliver stronger results."

"In South Korea, we've significantly grown the customer base for remote water meter monitoring with 21,500 new households contracted onto our platform, and a partnership with the City of Seoul for a major public safety initiative that shows how 'smart cities' work to improve the lives of citizens."

"Our AI-led solutions for renewable energy and public safety are gaining ground in Taiwan and the UAE, validating our strategy and expanding our commercial footprint in urban infrastructure. Our partnership with Dicode is already delivering good outcomes in the Middle East utilities market with a second contract secured for smart gas meters across 10,000 apartments."

"Another highlight of the quarter was promoting our AI-driven renewable energy management platform, 'Hive.AI by X2M,' after establishing a partnership with Sirius Digitech in Q3 to capitalise on the global energy transition."

¹ All financial figures are unaudited

Operational overview

Substantial contract wins in South Korea

During the quarter X2M secured new contracts in South Korea valued at approximately A\$5.5 million, scheduled for delivery before December 2025. These comprise:

- Remote water metering contracts valued at A\$2.7 million, bringing 21,431 new households across six cities onto X2M's platform. These contracts reflect the improvement in the Korean market with municipalities now funded to resume the digitisation of monitoring and control of water systems.
- A A\$3 million contract with the City of Seoul to deliver the core technology behind the city's flagship 2025 IoT Portable Safety Alarm Project, a major public safety initiative focused on protecting women and vulnerable citizens. X2M will provide 100,000 smart personal safety devices – compact, rechargeable IoT connected keychains called "Help Me" – distributed by the Seoul Metropolitan Government. This first wave of devices has the potential to scale to 1 million devices over time as part of the government's broader public safety roadmap creating a strong long-term commercial opportunity for X2M.

New contract in UAE through X2M partner Dicode

X2M strengthened its Middle Eastern footprint through its strategic partner Dicode Smart Connect Electronics, which secured a contract to install smart gas meters across 10,000 UAE residential apartments. This is Dicode's second major win of 2025 and is expected to deliver \$400,000 in gross profit over the next decade. In support of this momentum, X2M is investing US\$150,000 for a 7% equity stake in Dicode, which has committed to using X2M's proprietary 'Vision by X2M' technology for a minimum of ten years. X2M also retains the flexibility to pursue direct opportunities in the region.

Launch of 'Hive.AI by X2M'

Late in the third quarter X2M launched 'Hive.AI by X2M', a world-leading AI solution for renewable energy companies. Developed in strategic partnership with Sirius Digitech Limited, the AI-powered platform is designed to improve operational efficiencies and energy revenue of renewable energy companies. X2M has been driving this product initially in Taiwan and will leverage its established market presence in the APAC region for roll out of this new product suite, expecting to materially grow X2M's recurring and SaaS revenues by adding application-based income streams.

Financial overview

SaaS and maintenance revenues for the quarter were \$0.27 million. For June 2025, the ARR is \$1.1 million.

X2M achieved total revenues for 4Q FY25 of \$1.7 million, down 17% (4Q FY24: \$2.1 million), reflecting a softer market in Korea and the previously announced strategy to exit low-margin hardware-only sales.

The gross margin for 4Q FY25 was 47%, up 2 percentage points on the pcp (4Q FY24: 45%). This primarily reflected the higher proportion of SaaS and maintenance revenues and the continued effort to lower production costs.

Operating costs for 4Q FY25 were 14% up on 4QFY24. This was primarily a result of timing of expenses, with the full year costs down 16%.

The adjusted EBITDA² loss was \$1.1 million versus a loss of \$0.7 million in the pcp. This reflected the revenue performance and investment in new market research.

Net cash outflows from operating activities during the quarter were \$0.5 million, an improvement of 55% on the pcp primarily from timing of advance receipts from Korean customers.

Net cash outflows from investing activities were \$0.7 million for the reporting period, mainly driven by continued investment on capitalised development.

Net cash inflows from financing activities were \$0.9 million, mainly attributable to funds received from Placements and convertible loans.

Total cash at 30 June 2025 was \$1.6 million.

Related party payments in Appendix 4C section 6.1 of \$85K represent director's fees.

Enterprise and government customers

X2M's enterprise and government client base continued to rise steadily, reaching 84 at 30 June 2025, up 12% on the pcp. X2M continued to win repeat orders during the quarter. These customers collectively deploy a broad range of devices from water and gas meters to smart homes onto the X2M platform, which in turn, drives the Company's SaaS and recurring revenue base. Total connected devices as 30 June 2025 was 476,300 a decline of 11% on the pcp which was driven by some churn within our Japan customer's clients.

Placement and Entitlement Offers

On 18 June 2025, X2M announced that it had secured a Placement of \$1.95 million through the issue of approx. 122.33 million Shares at a price of \$0.016 per Share. The Placement comprised new equity funding of \$0.9 million from Singapore and Hong Kong investors and \$1.05 million from existing convertible note holders who will direct their debt to purchase equity.

Post balance date, on 15 July 2025, X2M launched a Placement and Entitlement Offer to raise up to \$4.9 million. The Placement, led by Cygnet Capital, subject to shareholder approval, will raise \$2.6 million (with an issue price of \$0.013 per Share) with participating institutional and sophisticated investors also receiving a free attaching option for every Share allocated. The Entitlement Offer to existing shareholders, which closes on 1 August 2025, is offered on a 2 for 5 entitlement basis and on the same terms as the Placement. The Entitlement Offer and placement of any shortfall aims to raise up to approximately \$2.3 million.

Funds raised from the Placements and Entitlement Offer will substantially strengthen X2M's balance sheet, allowing significant reduction in the Company's debt, while also positioning X2M well for its next growth phase including business expansion and product enhancements across its growing addressable market opportunities.

Outlook

X2M CEO Mohan Jesudason said: *"With funds raised from the Placement and Entitlement Offer substantially strengthening our balance sheet and enabling a significant reduction in debt, we are now in a stronger*

² Adjusted EBITDA is a non-IFRS measure calculated as earnings before income tax, and before depreciation and amortisation, finance costs and share based payments.



position to convert our robust pipeline and accelerate growth across key markets in Asia and the Middle East. This enhanced financial position supports the next phase of our strategic expansion, building on the momentum achieved in recent months.”

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. 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 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](#).

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

X2M Connect Limited

ABN

48 637 951 154

Quarter ended ("current quarter")

30 June 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,740	6,331
1.2 Payments for		
(a) research and development	(95)	(296)
(b) product manufacturing and operating costs	(1,615)	(3,517)
(c) advertising and marketing	(45)	(169)
(d) leased assets*	(20)	(86)
(e) staff costs*	(796)	(3,975)
(f) administration and corporate costs	(586)	(2,087)
1.3 GST/VAT received/(paid)	2	(67)
1.4 Interest received*	1	4
1.5 Interest and other costs of finance paid	(121)	(352)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	3	1,531
1.8 Other – net cash used in discontinued operations	-	(103)
1.9 Net cash from / (used in) operating activities	(532)	(2,786)

*YTD balance is adjusted to reflect net cash used in discontinued operations.

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(3)	(3)
(d) investments	-	-
(e) intellectual property	(680)	(2,701)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	529
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	3
2.5	Other – Security deposits	-	14
2.6	Net cash from / (used in) investing activities	(683)	(2,158)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	850	1,793
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(53)	(148)
3.5	Proceeds from borrowings	923	4,473
3.6	Repayment of borrowings	(721)	(1,101)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other - Repayment of lease liabilities	(58)	(235)
3.10	Net cash from / (used in) financing activities	941	4,782

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period*	1,883	1,767
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(532)	(2,786)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(683)	(2,158)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	941	4,782
4.5	Effect of movement in exchange rates on cash held	10	14
4.6	Cash and cash equivalents at end of period	1,619	1,619

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,619	1,883
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,619	1,883

6. Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	85
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-
6.3 Aggregate amount of payments to related parties and their associates included in item 3	-

Note: if any amounts are shown in items 6.1, 6.2 or 6.3, your quarterly activity report must include a description of, and an explanation for, such payments.

7. Financing facilities <i>Note: the term 'facility' includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other		
- Convertible notes (Type A)	1,335	1,335
- Convertible notes (Type B)	1,638	1,638
- Convertible loan (Barkers Hawthorn)	2,516	2,516
- Convertible loan (Vanew Pty Ltd)	925	925
- Unsecured loan	453	453
7.4 Total financing facilities	6,867	6,867
7.5 Unused financing facilities available at quarter end		-

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7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Convertible notes

Type A - various lenders

- Face value: \$1.3 million (\$1 per Note)
- Expiry date: 30 June 2025
- Interest on Convertible 18% per annum.
- The Convertible Notes are partly secured parri passu against X2M's anticipated FY24 R&D tax refund amount and the Company must keep that refund in a trust account until the total amount outstanding under the Convertible Notes is less than the trust account amount.

Type B – various lenders

- Face value: \$1.6 million (\$1.00 per Note)
- Expiry date: 30 March 2028
- Interest rate: 13% per annum
- Not secured

Convertible loan - \$2.5 million

Barkers Hawthorn Pty Ltd ATF Barkers Hawthorn Property Trust.

- Repayment date is 30 November 2025 unless
 - the date of receipt of the R&D Incentive Tax refund for 2025 (“R&D Tax Refund”) is before 30 November 2025, in which case the date of receipt applies;
- Interest is payable monthly in cash at a rate of 15% per annum or the higher rate of 20%;
- Loan amounts advanced are secured against the FY25 R&D Tax Refund.

Convertible loan - \$1 million

Vanew Pty Ltd

- Loan of \$1,000,000;
- Repayment date is 31 December 2025;
- Interest is payable quarterly in cash at a rate of 15% per annum or the higher rate of 20%;
- Loan amounts advanced are secured against the assets of the Company excluding the FY24 R&D Tax Refund.

Unsecured loan

An employee from X2M's South Korea subsidiary provided an unsecured loan of \$453,000 to the company. There is no interest payable on the loan.

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(532)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,619
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	1,619

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8.5 **Estimated quarters of funding available (item 8.4 divided by item 8.1)**

3.04

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 July 2025

Authorised by: By the Board of X2M Connect Limited
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.