

ASX ANNOUNCEMENT  
9 February 2026

## Strong momentum in first half positions X2M for growth

### 1H FY26 Highlights

- Delivered strong growth and momentum, reflecting the benefits of recent strategic initiatives
- Revenue of \$4.9 million up 45% on the pcp (1H FY25: \$3.4 million)
- Gross profit of \$2.1 million, up 35% on the pcp
- Adjusted EBITDA<sup>1</sup> loss of \$1.2 million, improved by 10% on the pcp (1H FY25: \$1.4 million)
- Enterprise/government customers increased to 88, up 10% on the pcp
- Approximately \$4 million in contracted revenue secured and expected to be recognised in FY26, providing strong second-half visibility
- Multiple new and repeat municipal water digitisation contracts secured in South Korea
- Deployed first 30,000 *HelpMe* public safety devices under a 100,000-unit contract
- Entered water digitisation market in Japan through partnership with Azbil Kimmon, extending X2M's platform beyond gas into a large, under-penetrated sector

Australian Internet of Things (IoT) technology company **X2M Connect Limited** (ASX:X2M) ("X2M" or "the Company") announces its unaudited financial results for the half year ended 31 December 2025.

**X2M CEO Mohan Jesudason said:** *"The first half of FY26 delivered solid growth for X2M and validates our strategic adjustment in recent years. Our strategy remains focused on driving sustainable, high-quality growth by prioritising high-margin maintenance and SaaS revenues while limiting exposure to lower-margin hardware sales. Growth will be underpinned by capitalising on APAC governments' commitments to digitised utilities and smart city initiatives, alongside positive entry into new markets with significant long-term growth potential and the identification and deployment of new applications for X2M's technology."*

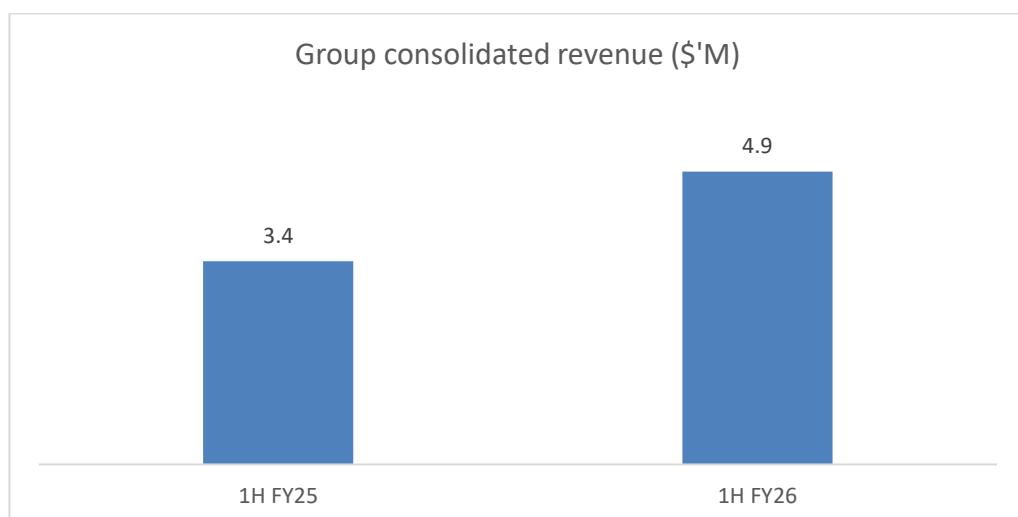
*"Given strong progress in the 1H FY26, X2M expects to deliver a substantial reduction in FY26 adjusted EBITDA losses relative to FY25"*

### Financial overview

X2M achieved total revenues of \$4.9 million, up 45% on the pcp (1H FY25: \$3.4 million), reflecting continued growth across core utility markets, increasing contributions from higher-margin software and maintenance services and the commencement of new product sales.

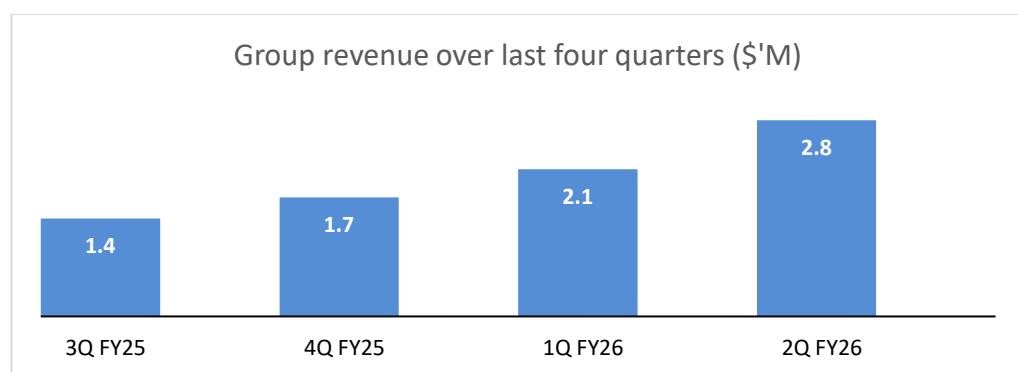
<sup>1</sup> Adjusted EBITDA is a non-IFRS measure calculated as earnings before income tax, and before depreciation and amortisation, finance costs and share based payments.

Group consolidated revenue (\$'M)



The revenue has shown growth for the last three quarters as shown in the chart below.

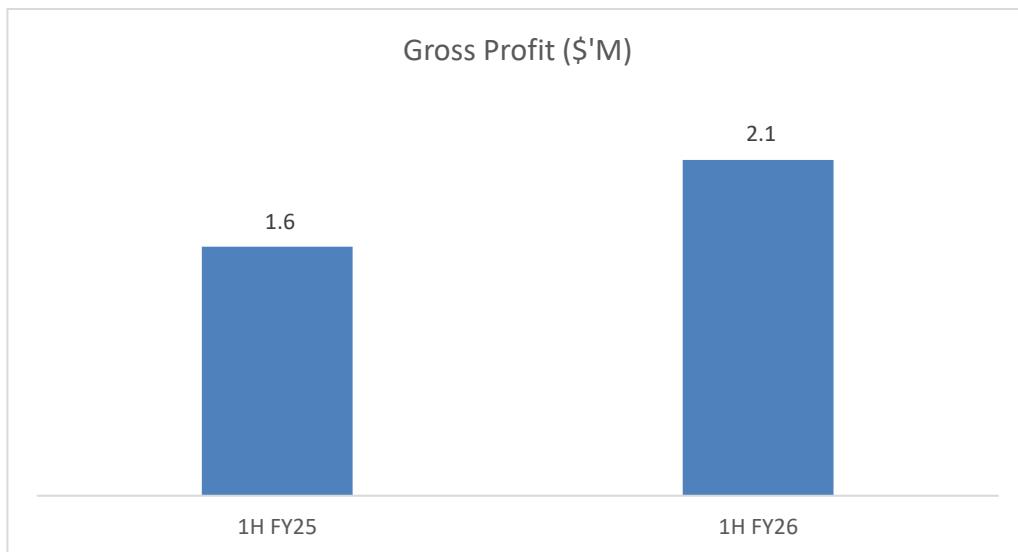
Group revenue over last four quarters (\$'M)



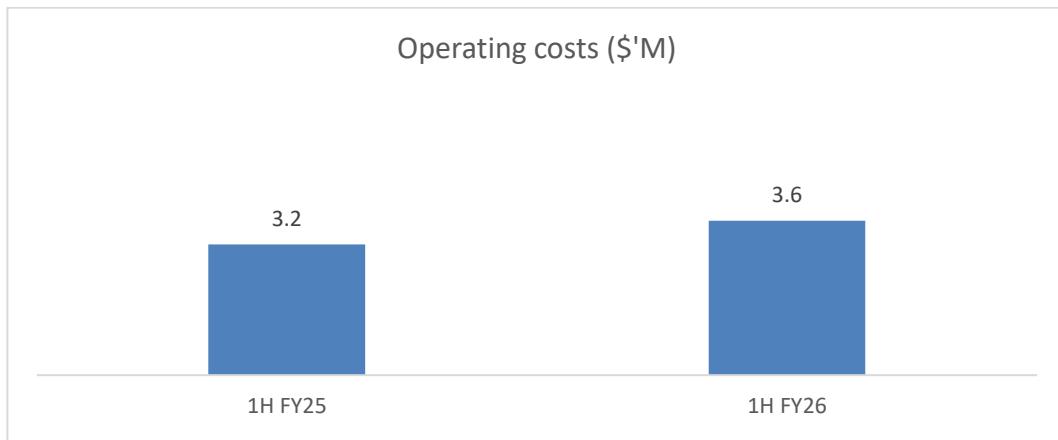
SaaS (Software as a Service) and maintenance revenue for the Company was \$0.6 million with customisation services achieving \$0.3 million.

Gross profit of \$2.1 million increased by \$0.6 million in line with the increase in revenue.

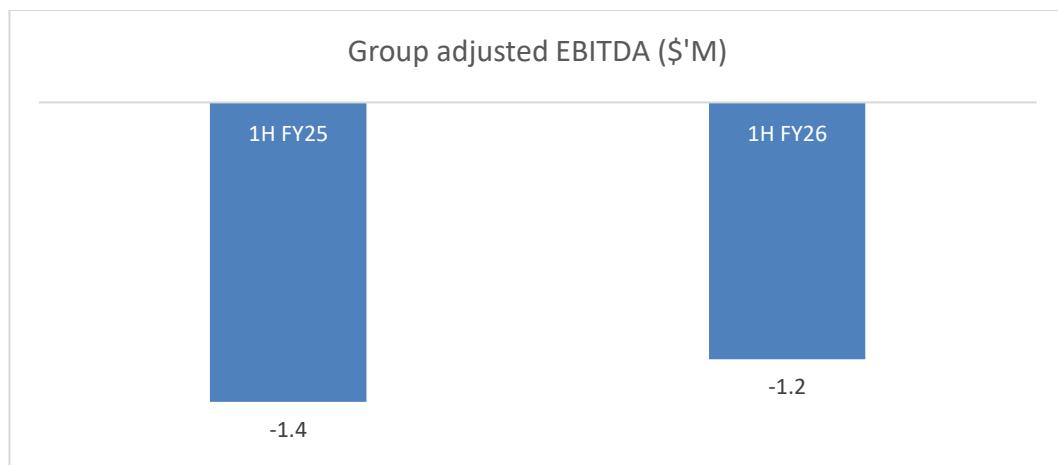
Gross Profit (\$'M)



Operating costs for 1H FY26 were up 12% compared to 1H FY25, well below revenue growth. The normalised increase in operating costs was approximately 5%, excluding one-off product replacement costs of approximately \$0.25 million related to historical deployments.



The adjusted EBITDA<sup>2</sup> loss of \$1.2 million improved by 10% on the pcp, demonstrating continued improvement in financial outcomes as revenue growth and gross margin expansion outpaced increases in operating costs.



Net cash from operating activities in 1H FY26 were \$0.1 million versus cash outflows in the pcp (1H FY25: - \$1.8 million).

Total cash at 31 December 2025 was \$1.9 million.

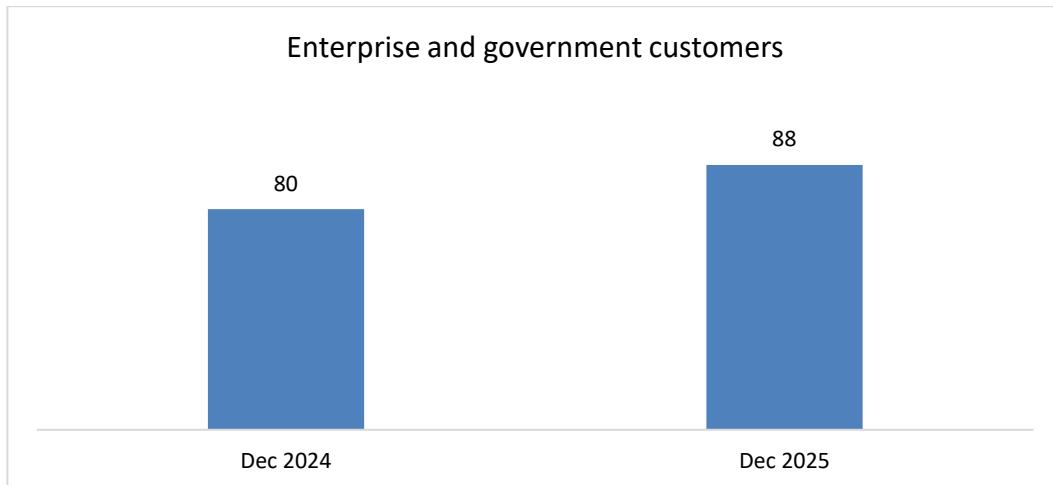
The half saw a reduction in debt from \$7.2 million to \$2.1 million. Net debt (cash less debt) reduced from \$5.5 million at 30 June 2025 to \$0.2 million at 31 December 2025.

Strengthening the balance sheet remains a priority for the Company.

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

## Operational overview

The number of Enterprise and Government customers continued to increase and stands at 88 versus 80 at the end of the pcp<sup>3</sup>.



### South Korea – water digitisation and smart city expansion

South Korea remained a key growth market during the half. X2M secured multiple new and repeat municipal water digitisation contracts, covering the deployment of remote water meter monitoring across more than 5,000 households, with installations scheduled through to March 2026.

X2M continued delivery for the City of Seoul, advancing remote water monitoring across a further 6,750 households as part of the City's long-term program to digitise all water meters by 2040.

The total addressable market of X2M's existing water customers in South Korea continued to expand, with delivered conversion of the available market remaining relatively low, supporting further long-term growth opportunities.

During the half, X2M also commenced deployment of its new *HelpMe* smart personal safety device, delivering the first 30,000 units under a 100,000-unit contract with the City of Seoul. The *HelpMe* product represents a new smart city use case with significant potential for broader domestic and international deployment.

### Japan – entry into water digitisation

During the half, X2M entered the Japanese water digitisation market by extending its long-standing gas monitoring partnership with Azbil Kimmon into the water sector. A new software development agreement was signed, supporting an initial deployment across 5,000 water meters, with scope to expand to up to 50,000 meters over the next two years. This marks a strategic entry into a large and under-penetrated market, with approximately 60 million water connections nationwide and an estimated A\$100 million per annum SaaS opportunity for water meter monitoring<sup>4</sup>.

### Middle East – continued platform rollout

In the Middle East, X2M continued rolling out its remote gas monitoring platform in the UAE, building on

<sup>3</sup> Customer numbers exclude China which is a discontinued business

<sup>4</sup> Assumes all households have X2M SaaS services installed at various annual rates



existing partnerships and expanding the addressable opportunity across gas utilities, real estate operators and building efficiency applications.

## Outlook

**X2M CEO Mohan Jesudason said:** *“Based on FY26 contracted work, pipeline visibility and current operating conditions, X2M expects continued revenue growth in the second half of FY26, driven by delivery of municipal water digitisation contracts in South Korea, ongoing deployments with major metropolitan customers and revenues from its entry into the Japanese water market. Momentum is expected to continue with approximately \$4m in contracted revenues yet to be recognized.*

*“As a result, X2M expects to deliver a substantial reduction in FY26 adjusted EBITDA losses relative to FY25”.*

## Ends

The Board of X2M has approved this announcement.

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### About X2M Connect Limited

X2M Connect Limited (ASX:X2M) is a leading Australian IoT technology company delivering patent supported 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 devices as well as other critical sensors to the internet.

X2M's core platform underpins three product families, 'Vision by X2M', 'Hive.AI 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. 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](http://www.x2mconnect.com) or follow us on [LinkedIn](https://www.linkedin.com/company/x2m-connect-ltd/).