

X2M Connect Limited

ASX Announcement



FY 2021 Preliminary Financial Results

22nd September 2021

Internet of Things (IoT) technology company X2M Connect Limited (the **Company**) has released its preliminary financial results for the year ended 30th June 2021.

The financial results for the Company were prepared on the following basis:

- The Company was incorporated on the 9th of December 2019. Therefore, the comparative period reported in the statutory accounts is for the part-year 9th December 2019 to 30th June 2020.
- Proforma results for FY 2020 are from the X2M Prospectus and are provided to facilitate a year-on-year comparison.
- The preliminary financial results are unaudited.

FY 2021 Highlights

- Revenue \$5.7 million, up 82% vs pro-forma previous corresponding period (pcp).
- EBITDA loss \$4.4 million, down 11% vs pro-forma pcp.
- Connected devices 123k, up 93%.
- Number of enterprise customers 34, up 36%.
- Cash at bank as of 30th June 2021 (pre-IPO) \$1.9 million.
- Total assets (pre-IPO) \$7.1 million, up 28%.

Group Results for the year ended 30th June 2021

\$000	FY 2021	VS PRO-FORMA PCP		VS STATUTORY PCP	
		FY 2020	CHANGE	9 DEC 2019 to 30 JUN 2020	CHANGE
Revenue	5,700	3,126	82%	1,314	334%
EBITDA	(4,393)	(4,944)	(11)%	(951)	362%
Share based payments expense	(2,072)	-	-	-	-
IPO expenses	(682)	-	-	-	-
Depreciation and amortisation	(1,246)	(913)	37%	(386)	221%
Finance costs	(161)	(56)	186%	(113)	42%
Income tax benefit	246	-	-	62	292%
Loss after Tax	(8,308)	(5,913)	41%	(1,388)	499%

- The Company's strategy is to invest in growth and scale the business internationally.
- The increase in expenses is associated with a full year of operations and the increased cost of achieving the additional revenue.

- Energy market was added to the existing water and gas verticals, with first contracts secured for battery monitoring in Taiwan.
- Established a subsidiary in Beijing, China, bringing total geographical footprint to 5 countries.

Summary by market for year ended 30th June 2021

1. South Korea

South Korea is currently the largest market for X2M and achieved revenue of \$3.8 million. During the period, the Company secured seven new municipalities for its water monitoring solution. This added in excess of 400,000 households to the Company's addressable market, bringing the total number of addressable households from existing customers to 600,000.

2. China

In 2021, X2M entered The People's Republic of China, generating revenue of \$1.1 million.

The Chinese market is currently run out of Taiwan and is under the management of the Taiwan team. The Company secured an Internet Content Provider Licence during the year which enables the delivery of software services into the Chinese market. The Company generated hardware revenues of \$1.1 million through two reselling contracts. The Company's strategy is to enter this market through similar hardware reselling arrangements and establish a base of devices for integration of its software.

3. Taiwan

Taiwan achieved revenue of \$0.5 million.

The Company has broadened its business base beyond the gas sector where it provides enterprise customers remote meter reading, data collection, leak detection and pressure monitoring services to the water and energy sectors through industrial battery monitoring services.

4. Japan

The business model in Japan is a SaaS based licencing arrangement with one of the country's largest gas and water meter manufacturers. Revenue generated in Japan is from recurring software revenues per connected device for the monitoring of bottled gas usage and logistics management. Connected devices onto the Company's platform in Japan increased from 17k devices to 61k at the end of June 2021.

This ASX Announcement has been authorised for release by the Board.

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About X2M Connect Group

X2M Connect (X2M) is an Australian technology company with proprietary Internet of Things (IoT) technology that uses the internet to deliver productivity improvements, cost savings and improved public safety to enterprise and government customers. The technology connects devices over the internet and enables data exchange and the remote control of devices. Revenue is generated via the sale of hardware, as well as monthly subscription services (Software as a Service (SaaS)).

The Company's strategy is to invest in growth and scale the business internationally. X2M's current focus is on servicing the utility sector in the Asia-Pacific (APAC) and the Company has successfully established a number of government and enterprise customer relationships.

The Company is Chaired by the Hon. Alan Stockdale AO, and led by Chief Executive Officer Mohan Jesudason. The business is head quartered in Melbourne Australia and has subsidiaries in Japan, South Korea, Taiwan, and the recently established subsidiary in Beijing, China.

Further information on can be found on the Company's website www.x2mconnect.com