

ASX Announcement | 28 October 2025

X2M delivers strong start to the 2026 Financial Year

Quarterly Activity Report and Appendix 4C

1Q FY26 Highlights¹

- Revenues of \$2.1 million, up 25% on the previous corresponding period (pcp)
- Gross profit of \$0.9 million, up 10% on the pcp
- Operating costs were \$1.7 million, up 3% on the pcp
- Adjusted EBITDA² loss of \$0.6m was an improvement of 7% on the pcp
- Enterprise/government customers increased to 86, up 13% on the pcp
- Net cash outflows from operating activities for the quarter were \$1.67 million
- Total cash as at 30 September 2025 was \$1.8 million
- Net debt reduced from \$5.5 million at 30 June 2025 to \$0.7 million by 30 September 2025

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 September 2025 (1Q FY26).

X2M CEO Mohan Jesudason said: “New contracts secured in the latter part of FY25 and during this quarter have provided strong momentum heading into the remainder of FY26, with key operational metrics aligning well and establishing a solid platform for growth. Pleasingly, of the contracts signed to date, approximately \$4 million in revenue remains to be recognised over the remainder of FY26.

“Operationally South Korea has been the standout with Taiwan ready to deliver product into the renewable energy sector and the UAE building a strong pipeline of prospects with encouraging early success.

“Underlying this is a stronger balance sheet following a successful capital raise early in the quarter and materially reduced debt level through debt-to-equity conversions and debt repayments.

Collectively these developments place the Company in a good position for the remainder of FY26.”

Operational overview

During the second half of the FY25 financial year, X2M expanded its product range, repriced core offerings and expanded channels to market. Collectively this has had a positive impact on sales results with mandates already secured for revenues in excess of \$6 million to be recognised in this financial year. For reference, last year’s full year revenue was \$6.5 million. Of the contracts secured to date, \$4 million is yet to be recognised. Circa \$2.5 million of this is expected to take place in the second quarter with some flow over into the following quarter ensuring continued momentum over the next couple of quarters.

¹ All financial figures are unaudited

² Adjusted EBITDA is a non IFRS measure and excludes Share based payments and one-off costs

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X2M's \$3 million public safety contract with the City of Seoul for 100,000 personal 'Help Me' public safety devices is progressing with deployments expected to commence in December and completion scheduled for the 3Q FY26. The City of Seoul has announced its intention to roll out 1 million of these devices over time. The scope of this project has been expanded, is now valued at \$3.3m and will now be deployed across 2Q and 3Q FY26.

The company entered the United Arab Emirates early in the last financial year in a partnership with Dicode. X2M is contracted for a software-based SaaS business model with each 100k devices added expected to generate future annual EBITDA of approx. A\$0.4 million. The term of the agreement is ten years and Dicode intends to expand this offering beyond the UAE into the broader Middle East region. Dicode has now commenced commercial rollouts in the UAE for remote monitoring of gas meters and we are extending the solution to address cooling water meter monitoring. X2M and Dicode exhibited at WETEX 2025 in Dubai, an event run by the Dubai Electricity and Water Authority and attended by approximately 70,000 people.

In Taiwan, where the Company earlier launched "*Hive.AI by X2M*", a data aggregation and AI enablement platform for renewable energy operators, a good prospect pipeline has been developed with first sales now secured.

Financial overview

SaaS and maintenance revenues for the quarter were \$0.33 million.

X2M achieved total revenues for 1Q FY26 of \$2.1 million, up 25% (1Q FY25: \$1.7 million), reflecting strengthening markets in South Korea and Taiwan.

The gross profit for 1Q FY26 was \$0.92 million, up 10% on the pcp (1Q FY25: \$0.84 million). This primarily reflected the increased revenue in South Korea.

Operating costs for 1Q FY26 were 3% up on 1Q FY25. This was primarily a result of costs associated with capital raising and debt restructuring.

The adjusted EBITDA³ loss was \$0.6 million versus a loss of \$0.7 million in the pcp.

Net cash outflows from operating activities during the quarter were \$1.6 million versus \$1.1 million in 1Q FY25. This was largely due to timing of payments to the ATO and cash advances in South Korea.

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

Net cash inflows from financing activities were \$2.5 million, mainly attributable to funds received from Placements and repayment of debt.

Total cash at 30 September 2025 was \$1.8 million.

Related party payments in Appendix 4C section 6.1 of \$108K represent director's fees and salary payments.

Enterprise and government customers

³ Adjusted EBITDA is a non-IFRS measure calculated as earnings before income tax, and before depreciation and amortisation, finance costs and share based payments.



X2M's enterprise and government client base continued to rise steadily, reaching 86 at 30 September 2025, up 13% on the pcp⁴. 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.

Placement and Entitlement Offers

X2M completed a number of balance sheet strengthening activities during the quarter raising \$5.4 million in new capital through a Placement and Entitlement Offer.,

Funds raised substantially strengthened 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.

Net debt as at 30 September 2025 was \$0.7 million, substantially down from \$5.5 million at 30 June 2025.

Outlook

X2M CEO Mohan Jesudason said: *"We entered the FY26 financial year with good momentum built on solid business gains and it is good to see this playing out in the results for the quarter. We expect to see this momentum continue into the second quarter as we deploy contracts already secured and with a significant pipeline of new prospects."*

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.

⁴ Customer numbers now exclude China which is a discontinued business



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](#).

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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 September 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,224	2,224
1.2 Payments for		
(a) research and development	(76)	(76)
(b) product manufacturing and operating costs	(1,574)	(1,574)
(c) advertising and marketing	(49)	(49)
(d) leased assets	(23)	(23)
(e) staff costs	(1,150)	(1,150)
(f) administration and corporate costs	(846)	(846)
1.3 GST/VAT received/(paid)	(49)	(49)
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(133)	(133)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(1,674)	(1,674)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(4)	(4)
(d) investments	-	-
(e) intellectual property	(707)	(707)
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other – Security deposits	(35)	(35)
2.6 Net cash from / (used in) investing activities	(746)	(746)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	5,490	5,490
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	(381)	(381)
3.5 Proceeds from borrowings	1,330	1,330
3.6 Repayment of borrowings	(3,869)	(3,869)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other - Repayment of lease liabilities	(69)	(69)
3.10 Net cash from / (used in) financing activities	2,501	2,501

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,691	1,691
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,674)	(1,674)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(746)	(746)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	2,501	2,501
4.5 Effect of movement in exchange rates on cash held	(16)	(16)
4.6 Cash and cash equivalents at end of period	1,756	1,756

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	1,756	1,691
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)	1,756	1,691

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	108
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 B)	573	573
- Convertible loan (Barkers Hawthorn)	2,500	530
- Convertible loan (Vanew Pty Ltd)	1,032	1,032
- Unsecured loan	323	323
7.4 Total financing facilities	4,428	2,458
7.5 Unused financing facilities available at quarter end		1,970

- 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 B – various lenders

- Face value: \$0.6 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 \$323,000 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)	(1,674)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,756
8.3	Unused finance facilities available at quarter end (item 7.5)	1,970
8.4	Total available funding (item 8.2 + item 8.3)	3,726
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.23

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: 28 October 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.

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