

ASX Announcement | 27 April 2026

X2M continues to deliver growth in 3Q FY26

Quarterly Activity Report and Appendix 4C

3Q FY26 Highlights¹

- Q3 revenue of \$2.3 million, up 67% on prior corresponding period (pcp)
- Gross profit of \$0.9 million, up 41% on pcp
- Operating expenses of \$1.8 million, up 2% on pcp
- EBITDA loss of \$0.8 million, improved 23% on pcp
- Enterprise/government customers increased to 89, up 9% on the pcp
- Net cash burn from operating activities for the quarter was \$1.7 million
- Total cash as at 31 March 2025 was \$0.48 million
- Proceeds from tranche 2 of capital raise of \$1.5 million to be settled by 15 May 2026
- Net Debt as at 31 March 2026 was \$1.34 million

X2M Connect Limited (ASX:X2M) ("X2M" or "the Company") provides its quarterly activity report and Appendix 4C for the period ended 31 March 2026 (3Q FY26).

The quarter saw strong growth as X2M accelerated its position as a leader in data aggregation for utilities, smart communities and next generation infrastructure. Importantly, X2M's strategic elimination of low margin hardware and delivery of SaaS and smart or safer communities is building momentum. Revenue grew 67% on the prior corresponding period while operating expenses increased just 2%, demonstrating the Company's ability to deliver significant revenue growth without proportional increases in overhead.

Furthermore, a pipeline of approximately 5,800 smart homes with Resi Ventures and Riverstown announced post quarter end, represents an estimated \$11.8 million revenue opportunity if all home buyers take up the X2M offer on top of the existing customer addressable market of more than \$500 million in South Korea.

Additionally, 57,324 of 100,000 personal safety devices have now been delivered to Seoul, with Seoul planning to scale to one million devices, alongside repeat orders from municipalities, demonstrating strong demand for X2M's products.

The Company has strengthened its balance sheet, with \$1.48 million approved by shareholders via tranche 2 of the placement announced on 27 February 2026. Funds will be directed toward entry into the Japanese water market, Australian market expansion, platform enhancements, working capital, and repayment of approximately \$0.8 million in existing convertible loans (with a proportion expected to convert to equity) alongside an expected R&D rebate of approximately \$1.3 million by year's end.

X2M CEO Mohan Jesudason said: *"We are now seeing our strategy come together across multiple fronts. We continue to deliver at scale in South Korea and expand our footprint in the Middle East through long-term smart utility deployments. These projects demonstrate the strength of our platform in connecting and optimising real-world energy and utility assets, and position us to grow recurring revenue as adoption increases."*

"The launch of our Smart Energy initiative in Australia, with two smart community projects announced in the

¹ All financial figures are unaudited

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last month, represents an important step in embedding our solutions into residential developments and establishing a scalable model we can roll out across a growing pipeline of estates.”

“Our platform provides the digital infrastructure layer for smart cities, initially proven in smart gas and water metering, expanded into energy and public safety, and now bringing these capabilities together at the community level. With the platform proven, partnerships in place and demand for smart city solutions accelerating, we are focused on converting this momentum into sustained revenue growth across our key markets.

“On cash burn, Q3 is generally a high cash burn quarter for X2M. The proceeds from the recent capital raise to be settled in April and May together with an expected R&D tax rebate gives the Company balance sheet flexibility.”

Operational overview

In Asia, X2M continued to receive new and repeat orders from South Korean municipalities during the period and delivered the water platform software in Japan. A total of 57,324 personal safety devices has now been delivered to Seoul against a contracted volume of 100,000, reflecting continued execution and further validating the scalability of the platform.

X2M advanced its Middle East strategy through its partnership with Dicode Smart Connect Electronics, which secured further commercial contracts in the quarter.

Financial overview

X2M delivered revenue of \$2.3 million in 3Q FY26, up 67% on the prior corresponding period (pcp: \$1.4 million), primarily driven by continued execution in South Korea. This marks the third consecutive quarter of accelerating growth, with revenue up 25%, 65% and 67% respectively on the FY25 pcp across the year to date.

ARR was \$1.2 million as at March 2026, with SaaS and maintenance revenues of \$0.3 million for the quarter. As smart community deployments scale and device connections grow, the Company expects this recurring base to become an increasingly significant driver of revenue.

Gross profit was \$0.92 million, up 41% on pcp (pcp: \$0.65 million). Gross margin for the quarter was 40%, reflecting a higher proportion of hardware deliveries associated with the Seoul personal safety device rollout. Underlying platform margins remain strong.

While additional business does require increased outlays, the Company’s operating costs were \$1.8 million, up just 2% on pcp, reinforcing X2M's ability to drive revenue increases without proportional cost growth. Adjusted EBITDA² loss improved to \$0.8 million from \$1.0 million in the pcp, continuing a trend of meaningful year on year improvement.

Net cash burn from operating activities was \$1.7 million versus cash burn of \$0.6 million in the pcp. This was largely due to differences in the timing of the R&D tax refund and advanced receipts. However, year to date cash burn from operating activities was \$1.6 million, down 33% on the pcp (\$2.4 million), demonstrating improving cash efficiency. Net cash outflow from investing activities was \$0.9 million, driven by continued investment in capitalised development and X2M's investment in Dicode in the UAE. Net cash inflow from financing activities was \$1.2 million, primarily from capital raising.

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.

Total cash at 31 March 2026 was \$0.5 million. Total borrowings were \$1.8 million, representing net debt of \$1.34 million.

Related party payments of \$84K represent director's fees as disclosed in Appendix 4C section 6.1.

At the General Meeting on 15 April 2026, shareholders approved the issue of shares for the \$1.48 million tranche 2 of the placement announced on 27 February 2026. Funds raised will be used to facilitate entry into the Japanese water market, expansion into the Australian market, platform enhancements and general working capital purposes, and to repay approximately \$0.8 million in existing convertible loans (with a proportion of this converting to equity). The Company also expects an R&D rebate of \$1.3 million by year's end.

Enterprise and government customers

X2M's enterprise and government client base continued to rise steadily, reaching 89 at 31 March 2026, up 9% on the pcp³. X2M continued to win repeat orders during the quarter. These customers collectively deploy a broad range of services including water and gas meter monitoring, public safety devices and renewable energy solutions using the X2M platform, which in turn, drives the Company's SaaS and recurring revenue base.

Smart Energy

X2M previously launched its Smart Energy initiative in Australia and now has two smart community development agreements announced post quarter end, marking the Company's entry into the domestic residential energy market and expanding its smart cities strategy.

The rollout is anchored by the McMahon's Place estate in Echuca, Victoria, where X2M signed a Smart Energy agreement with Resi Ventures for a 1,000-home development. The Company has also entered into a non-binding MoU with Resi Ventures to expand the Smart Energy solution across additional estates, representing a potential pipeline of approximately 4,000 further lots across Victoria and Queensland. This project represents the first deployment of X2M's integrated smart community solution in Australia and establishes a scalable model for broader rollout.

X2M further expanded its Smart Energy footprint through a second smart community agreement at the Glanmire Park estate in Yarrowonga, Victoria. The ~800-lot development will offer X2M's Smart Energy solution to both new purchasers and existing homeowners, incorporating a combination of greenfield and retrofit installations. This capability expands X2M's addressable market beyond new developments, enabling deployment across established residential communities.

Together, the Echuca and Yarrowonga projects demonstrate the scalability and flexibility of X2M's solutions across multiple estate types, supporting energy efficiency, cost savings for residents and improved sustainability outcomes. These developments also establish a repeatable model for embedding X2M's technology into residential infrastructure and underpin a growing pipeline of smart community opportunities.

Central to X2M's strategy is its edge and cloud-based platform, which connects any device on any network, feeding real-world data at industrial scale. In an AI-driven world, the ability to collect and process real-world infrastructure data at scale is the critical layer that every smart community and future smart city infrastructure system will depend on.

Grand View Research has reported that the global smart cities market was valued at US\$877.6 billion in

³ Customer numbers now exclude China which is a discontinued business

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2024 and is growing at a CAGR of 29.4%, with the smart utilities segment accounting for over 27% of the market. Asia Pacific is the largest and fastest-growing region, constituting 52.3% of the global market in 2024 and projected to grow at a CAGR of over 30% from 2025 to 2030.³

Outlook

The last three quarters have shown good momentum in X2M revenue. The revenue growth versus the pcp over the last three quarters has been 25%, 65% and 67% respectively. The adjusted EBITDA also improved by 7%, 36% and 23% respectively.

X2M expects to deliver a substantial reduction in full year FY26 adjusted EBITDA losses relative to FY25.

X2M CEO Mohan Jesudason said: *"We are pleased with the increased momentum through the first three quarters of FY26, supported by solid contract wins across key markets and our expanding smart city solutions footprint. These results reinforce the strength of our execution strategy, deepen our recurring revenue streams and position X2M well for sustained growth. We remain focused on delivering value for our customers and shareholders as we expand into new territories and verticals."*

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 smart city technology company delivering patent supported solutions that enhance productivity, reduce operational costs and improve public safety for utility and government customers. Smart cities involve the collection, aggregation and processing of data from a wide range of sensors to automate controls that improve the speed, effectiveness and accuracy of outcomes for cities and their residents. X2M's AI-powered platforms enable real-time data exchange, remote control and predictive insights by connecting water, gas and electricity resource devices as well as other critical sensors to edge and cloud based software.

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 or follow us on [LinkedIn](https://www.linkedin.com/company/x2mconnect).

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")

31 March 2026

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	963	8,302
1.2 Payments for		
(a) research and development	(74)	(221)
(b) product manufacturing and operating costs	(1,317)	(5,523)
(c) advertising and marketing	(14)	(112)
(d) leased assets	(22)	(78)
(e) staff costs	(712)	(3,152)
(f) administration and corporate costs	(349)	(1,670)
1.3 GST/VAT received/(paid)	(123)	(212)
1.4 Interest received	1	4
1.5 Interest and other costs of finance paid	(45)	(296)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	1,401
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(1,692)	(1,557)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(7)
(d) investments	(212)	(212)
(e) intellectual property	(690)	(2,462)
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(c) property, plant and equipment	-	2
(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	(8)	(36)
2.6 Net cash from / (used in) investing activities	(910)	(2,715)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	1,609	7,099
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	(21)	(611)
3.5 Proceeds from borrowings	709	2,146
3.6 Repayment of borrowings	(1,000)	(5,280)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other - Repayment of lease liabilities	(66)	(219)
3.10 Net cash from / (used in) financing activities	1,231	3,135

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,908	1,691
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,692)	(1,557)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(910)	(2,715)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,231	3,135
4.5 Effect of movement in exchange rates on cash held	(59)	(76)
4.6 Cash and cash equivalents at end of period	478	478

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	478	1,908
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)	478	1,908

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	84
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)	606	606
- Convertible loan (Barkers Hawthorn)	810	810
- Unsecured loan	403	403
7.4 Total financing facilities	1,819	1,819
7.5 Unused financing facilities available at quarter end		-

- 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 - \$0.8 million

Barkers Hawthorn Pty Ltd ATF Barkers Hawthorn Property Trust.

- Repayment date is 30 April 2026
- Lender can elect to convert at 15% discount to the 30 day VWAP
- Lender can request repayment with 60 days notice
- Interest is payable monthly in cash at a rate of 15% per annum or the higher rate of 20%;

Unsecured loan

Employees from X2M's South Korea subsidiary and Taiwan subsidiary provided unsecured loans totalling \$403,000 to the company. There is no interest payable on the loans.

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,692)
8.2	Cash and cash equivalents at quarter end (item 4.6)	478
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	478
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.28

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: No. The current quarter was impacted by the timing of cash receipts from customers, which were \$1.0m compared to reported revenue of \$2.3m. On a YTD basis, net operating cash outflows were \$1.6m which reflects a much lower quarterly average cash burn.

- 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: Yes, as noted in the ASX announcement on 27 February 2026, X2M expects to receive \$1.48m (before costs) from tranche 2 of the Placement to institutional and sophisticated investors. This was approved by shareholders on 15 April 2026.

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: Yes as stated above.

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: 27 April 2026

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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