



ASX Announcement | 28 January 2026

X2M delivers a strong performance in 2Q FY26

Quarterly Activity Report and Appendix 4C

2Q FY26 Highlights¹

- Revenues of \$2.8 million, up 65% on the previous corresponding period (pcp)
- Gross profit of \$1.2 million, up 63% on the pcp
- Adjusted EBITDA² loss of \$0.6 million, an improvement of 12% on the pcp
- Enterprise/government customers increased to 88, up 10% on the pcp
- Net cash generated from operating activities for the quarter were \$1.7 million
- Total cash as at 31 December 2025 was \$1.9 million
- Net debt as at 31 December 2025 was \$0.2 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 31 December 2025 (2Q FY26).

X2M CEO Mohan Jesudason said: *“The second quarter delivered strong operational results for X2M, with increased momentum across all markets. In South Korea, we secured new contracts and repeat orders from municipal customers, reinforcing the scalability of our platform and the long-term nature of government-led smart metering rollouts. In parallel, we commenced deployment of our new smart city public safety device, HelpMe, through an initial order for 100,000 devices from the city of Seoul.*

“In Japan, we extended our long-standing gas platform partnership with Azbil Kimmon into the water sector, marking a strategic entry into a large and underpenetrated industry which has a total addressable market of 60 million meters. We secured our first renewable energy mandates in Taiwan and we have continued rolling out our remote gas monitoring platform in the UAE.”

“Collectively these achievements materially increase the business opportunity for X2M and position the Company well for sustained growth in a sector that is hungry for rich data to drive their Artificial Intelligence and industry automation ambitions.”

“X2M expects to deliver a substantial improvement in adjusted EBITDA losses for FY26 relative to FY25 and, subject to operating performance and timing of revenue recognition, is working towards being EBITDA positive in the near term”.

Operational overview

During the quarter, X2M continued to execute on its water digitisation strategy across APAC, with material progress in both South Korea and Japan.

In South Korea, X2M secured multiple new and repeat water digitisation contracts with municipal government customers. These contracts cover the deployment of remote water meter monitoring across

¹ All financial figures are unaudited

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

more than 5,000 households. Deployments are scheduled for completion between December 2025 and March 2026, further increasing contracted revenue to be recognised in FY26 and reinforcing the strong momentum the Company has had this financial year.

The Company also continued delivery with the major metropolitan customer City of Seoul, South Korea’s capital and largest city with a population of 25 million in the Seoul Metropolitan Area. During the period, X2M advanced delivery of remote water monitoring under its latest Seoul water digitisation mandate, covering 6,750 households, as part of the City’s broader long-term program to digitise all water meters by 2040. X2M also delivered the first 30,000 units of the 100,000 contracted HelpMe public safety devices. With X2M providing services across water and public safety, Seoul remains a strategically significant customer with substantial future expansion potential.

In Japan, X2M entered the Japanese water digitisation market through a new software development agreement with Azbil Kimmon, extending an established six-year gas monitoring partnership into the water sector. The initial contract is valued at A\$200,000 and supports the deployment of X2M’s SaaS platform across 5,000 water meters, with scope to expand the current project to cover up to 50,000 meters. During the quarter, X2M commenced platform development and integration activities to support Azbil Kimmon’s smart water metering service, marking a strategic entry point into a large and under-digitised industry. The total addressable SaaS market for water meter monitoring in Japan is estimated at A\$100m per annum³ based on the 60 million existing water connections.

Financial overview

X2M achieved total revenues for 2Q FY26 of \$2.8 million, up 65% on the pcp (2Q FY25: \$1.7 million), reflecting a stronger market in South Korea, an increase in the Company’s market share, initial deliveries of the Seoul HelpMe devices and first revenue from water digitisation in Japan.

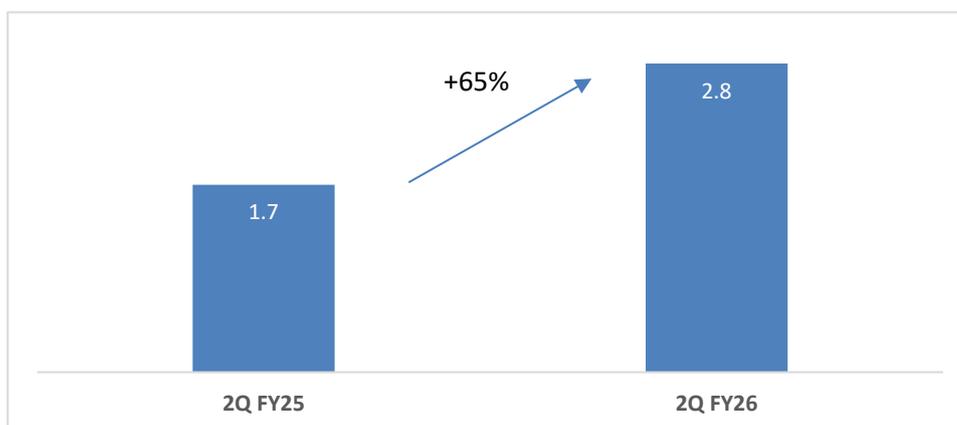


Figure 1: Revenue growth on the pcp⁴

SaaS and maintenance revenues for the quarter were \$0.3 million. For December 2025, the ARR is \$1.2 million.

³ Assumes all households have X2M SaaS services installed at various annual rates

⁴ Excludes revenue from discontinued operations and FY26 data is unaudited

Gross profit for 2Q FY26 was \$1.2 million, up 63% on the pcp (2Q FY25: \$0.7) million).

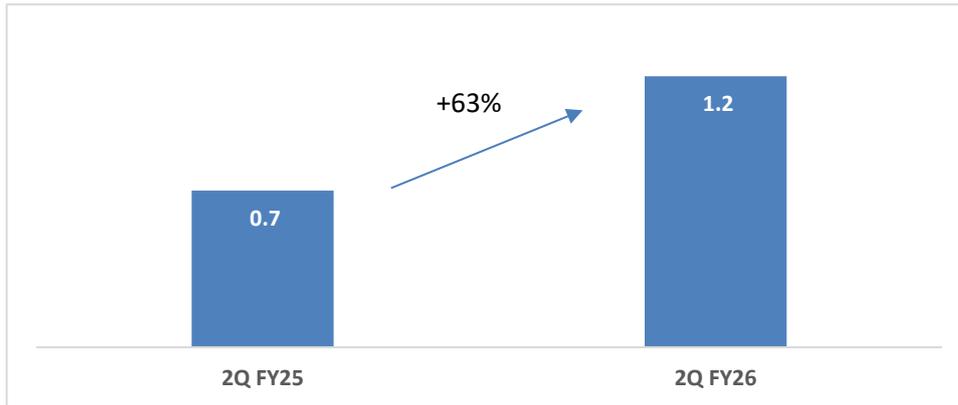


Figure 2: Gross Profit growth on the pcp⁵

Operating costs for 2Q FY26 were \$1.9 million, 22% up on 2Q FY25. This was largely due to \$0.25 million in product replacement costs in respect of historical deployments. Normalised growth of operating costs excluding these would be 6% on the pcp reflecting costs associated with growth in the business.

Adjusted EBITDA⁶ loss was \$0.6 million versus a loss of \$0.7 million in the pcp.

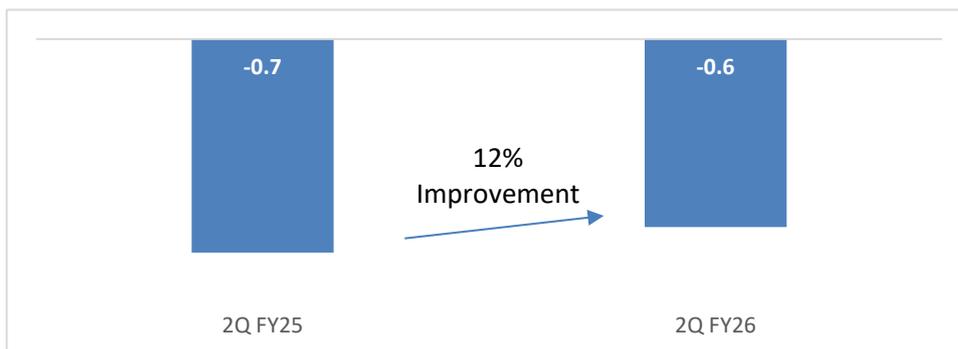


Figure 3: Adjusted EBITDA⁶ improvement on the pcp

Net cash flows from operating activities during the quarter were \$1.7 million versus cash burn of \$0.6 million in 2Q FY25. This was largely due to receipt of an R&D rebate for \$1.4m and operational performance improvements.

Net cash outflows from investing activities were \$1 million for the reporting period, mainly driven by continued investment in capitalised development including one off costs associated with the Seoul HelpMe project.

Net cash outflows from financing activities were \$0.5 million, mainly attributable to capital raising costs and repayment of borrowings.

Total cash at 31 December 2025 was \$1.9 million. Total borrowings as at 31 December 2025 were \$2.1m. Net debt, being borrowings less cash, was \$0.2m at 31 December 2025.

⁵ Exclude gross profit from discontinued operations and FY26 data is unaudited

⁶ Adjusted EBITDA is a non-IFRS measure calculated as earnings before income tax, and before depreciation and amortisation, finance costs and share based payments.



Related party payments in Appendix 4C section 6.1 of \$127K represent director's fees.

Enterprise and government customers

X2M's enterprise and government client base continued to rise steadily, reaching 88 at 31 December 2025, up 10% on the pcp⁷. 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.

Outlook

Based on performance to date in 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. As a result, X2M expects to deliver a substantial improvement in adjusted EBITDA losses for FY26 relative to FY25.

X2M CEO Mohan Jesudason said: *"We are pleased with the increased momentum into the second quarter of FY26, supported by solid contract wins across key markets and our expanding IoT 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 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 or follow us on [LinkedIn](#).

⁷ Customer numbers exclude China which is a discontinued business

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 December 2025

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|------------------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 5,115 | 7,339 |
| 1.2 Payments for | | |
| (a) research and development | (71) | (147) |
| (b) product manufacturing and operating costs | (2,632) | (4,206) |
| (c) advertising and marketing | (49) | (98) |
| (d) leased assets | (40) | (63) |
| (e) staff costs | (1,341) | (2,440) |
| (f) administration and corporate costs | (566) | (1,341) |
| 1.3 GST/VAT received/(paid) | (40) | (89) |
| 1.4 Interest received | 1 | 3 |
| 1.5 Interest and other costs of finance paid | (118) | (251) |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | 1,401 | 1,401 |
| 1.8 Other | - | - |
| 1.9 Net cash from / (used in) operating activities | 1,660 | 108 |

| | | |
|--|---------|---------|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | - | - |
| (b) businesses | - | - |
| (c) property, plant and equipment | (3) | (7) |
| (d) investments | - | - |
| (e) intellectual property | (1,014) | (1,772) |
| (f) other non-current assets | - | - |
| 2.2 Proceeds from disposal of: | | |
| (a) entities | - | - |
| (b) businesses | - | - |
| (c) property, plant and equipment | 2 | 2 |

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (6 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 | 7 | (28) |
| 2.6 Net cash from / (used in) investing activities | (1,008) | (1,805) |

| | | |
|---|--------------|--------------|
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of equity securities (excluding convertible debt securities) | - | 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 | (117) | (570) |
| 3.5 Proceeds from borrowings | 107 | 1,437 |
| 3.6 Repayment of borrowings | (411) | (4,280) |
| 3.7 Transaction costs related to loans and borrowings | - | - |
| 3.8 Dividends paid | - | - |
| 3.9 Other - Repayment of lease liabilities | (77) | (146) |
| 3.10 Net cash from / (used in) financing activities | (498) | 1,931 |

| | | |
|---|--------------|--------------|
| 4. Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 Cash and cash equivalents at beginning of period | 1,756 | 1,691 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | 1,660 | 108 |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | (1,008) | (1,805) |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above) | (498) | 1,931 |
| 4.5 Effect of movement in exchange rates on cash held | (2) | (17) |
| 4.6 Cash and cash equivalents at end of period | 1,908 | 1,908 |

| 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 | 1,908 | 1,756 |
| 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) | 1,908 | 1,756 |

| 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 | 127 |
| 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) | 589 | 589 |
| - Convertible loan (Barkers Hawthorn) | 500 | 500 |
| - Convertible loan (Vanew Pty Ltd) | 1,002 | 1,002 |
| 7.4 Total financing facilities | 2,091 | 2,091 |
| 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 - \$0.5 million

Barkers Hawthorn Pty Ltd ATF Barkers Hawthorn Property Trust.

- Repayment date is 31 March 2026
- Lender can elect to convert at 15% discount to the 30 day VWAP
- Interest is payable monthly in cash at a rate of 15% per annum or the higher rate of 20%;

Convertible loan - \$1 million

Vanew Pty Ltd

- Loan of \$1,000,000;
- Repayment date is 31 March 2026;
- 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.

| 8. | Estimated cash available for future operating activities | \$A'000 |
|--|--|---------|
| 8.1 | Net cash from / (used in) operating activities (item 1.9) | 1,660 |
| 8.2 | Cash and cash equivalents at quarter end (item 4.6) | 1,908 |
| 8.3 | Unused finance facilities available at quarter end (item 7.5) | - |
| 8.4 | Total available funding (item 8.2 + item 8.3) | 1,908 |
| 8.5 | Estimated quarters of funding available (item 8.4 divided by item 8.1) | N/A |
| <i>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.</i> | | |
| 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 January 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.