



ASX Announcement | 30 October 2026

X2M's AI and Data Centre Strategy gaining momentum in 1Q FY27

Quarterly Activity Report and Appendix 4C

1Q FY27 Highlights¹

- Q1 revenue of \$1.4 million, down 34% on prior corresponding period (pcp) impacted by Korean government elections slowing business activities
- Current pipeline suggests Q2 should be stronger than Q1 for revenues
- Gross profit of \$0.6 million, down 32% on pcp
- Operating expenses of \$1.6 million, down 4% on pcp
- Adjusted EBITDA² loss of \$0.9 million, up 47% on pcp
- Enterprise/government customers increased to 93, up 7% on the pcp
- Net cash burn from operating activities for the quarter was \$0.8 million, down 54% on the pcp
- Total cash as at 30 September 2026 was \$1.4 million

X2M Connect Limited (ASX:X2M) ("X2M" or "the Company") provides its quarterly activity report and Appendix 4C for the period ended 30 September 2026 (1Q FY27).

A number of strategic announcements have been made this quarter concerning X2M's evolving strategy to develop data centres in regional Australia including:

- a binding agreement to deliver an AI-enabled data centre with estimated project costs greater than \$250 million on which X2M is expected to earn a margin and generate high margin recurring platform revenues
- two partnership agreements to develop high density GPU data centre and energy precincts of between 10MW and 100MW capacity in regional Queensland
- a non-binding MOU with Gateway DC which is developing sovereign, hyperscale-ready data centre campuses in Darwin at the landing point of a subsea cable corridor to Asia
- the establishment of a wholly owned subsidiary X2MDC to hold all the data centre related contracts

X2M also secured a second project for HelpMe public safety devices with Seoul City in South Korea worth \$1.3 million with Seoul published plans for a rollout of 1 million devices.

X2M completed a placement of \$2 million and a Securities Purchase Plan for \$1 million which was heavily oversubscribed.

X2M CEO and Managing Director Mohan Jesudason said: *"Whilst the quarter's revenue results were disappointing, driven by a pause in investment prompted by local South Korean elections, we expect the outlook for the category to be positive and quarter 2 to deliver growth on quarter 1 results. On the key strategic initiatives, our data centre agreements are transformational for X2M. We will play a key role in data centre*

¹ All financial figures are unaudited

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

delivery, and that in turn creates a materially larger business opportunity for us. We are excited at the prospect of delivering services from some of the top data centre infrastructure providers in the world and offering a comprehensive service to land and data centre owners across the country.

Operational overview

The government changeover in South Korea had significant impact on the Company's 1Q FY27 results. This also impacted on the timeline of the 2nd HelpMe mandate delivery. It is expected that X2M will deliver the 55,000 devices by end of 2Q FY27 recognising approximately \$1.3 million in revenues.

X2M's is beginning the build-out of capability addressing data centres, the fastest growing infrastructure sector in the country. X2M's patent-supported, AI-enabled platform connects any device on any network, regardless of manufacturer or communications standard. In a data centre precinct, that means power generation, battery storage, cooling, environmental sensors, metering, billing and connectivity can all run through a single real-time management layer, converting raw device signals into the structured, AI-ready data that AI management applications are then built on.

X2M intends to provide its Managed Delivery service across the design, engineering, supply, installation and commissioning of the facilities, followed by ongoing AI-enabled Platform Services and management for the life of the data centre asset. X2M is targeting data centre facilities in low-density population regions of Queensland and the Northern Territory, rather than large metropolitan campuses, placing less demand on the grid and requiring a lower investment by data centre financiers.

Financial overview

X2M delivered revenue of \$1.4 million in 1Q FY27, down 34% on the prior corresponding period (pcp: \$2.1 million). Revenue for the quarter was reduced by a pause in municipalities' investment associated with local government elections in South Korea, which slowed government tender processes. It also caused delays in delivery of X2M's 2nd HelpMe mandate worth \$1.3 million, which will be delivered by end of 2Q FY27.

ARR was \$1.2 million as at 30 September 2026, with SaaS and maintenance revenues of \$0.3 million for the quarter.

Gross profit was \$0.6 million, down 32% on pcp (pcp: \$0.9million). Gross margin for the quarter was 45% (pcp:44%), reflecting the fact that margins remain strong across product offerings.

The Company's operating costs were \$1.6 million, down 4% on pcp, reflecting that the cost reduction programme initiated in the prior year continued to deliver savings.

Adjusted EBITDA³ loss was \$0.9 million, up 47% on the pcp.

Cash burn from operating activities was \$0.8 million versus a cash burn of \$1.7 million in the pcp. This improvement was mainly attributable to timing of advance receipts, operating cost savings through reduction of headcount and reduction in interest payments. Net cash outflow from investing activities was \$0.7 million, driven by continued investment in capitalised development. Net cash inflow from financing activities was \$1.6 million from capital raising activities less repaid borrowings.

Total cash at 30 September 2026 was \$1.4 million. Post balance date the Company successfully secured a placement of \$1.4 million further strengthening its balance sheet.

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



Related party payments of \$117K represent directors' fees as disclosed in Appendix 4C section 6.1.

During 1Q FY27, X2M completed a Placement and a Securities Purchase Plan, raising \$3 million (before costs) at \$0.004 per share. Funds raised were used to strengthen the Company's balance sheet and facilitate investment in data centre sensor integration, platform enhancement and battery energy systems that support data centres and smart communities.

Outlook

X2M entered FY27 with approximately \$3 million in revenue already contracted and a materially lower cost base following the cost reduction programme delivered through FY26.

Data centres represent the largest opportunity in front of the Australian business, in a market where Australian data centre and connectivity infrastructure investment is projected to require up to \$135 billion by 2035. X2M intends to progress the precinct pipeline through design and approvals under the two partnerships signed during the quarter, and is targeting a 10 to 20 per cent reduction in circular economy data centre precinct energy costs.

This is underpinned by X2M's existing business.

The platform proposed for data centre precincts is the same technology already connecting more than 500,000 devices for utilities and government customers across five geographies.

In South Korea, the focus is on increasing X2M's share of the addressable market represented by its 58 existing municipal customers. The integrated water meter and the new streetlight controller allow the Company to sell additional infrastructure services into relationships it already holds, supported by two years of private contract access for the meter with no tender process required. With elections behind us, the Company expects 2Q FY27 results to be stronger than the first quarter as the business returns to normal levels.

X2M will also continue the water platform rollout in Japan, convert the pipeline in the UAE, and progress the renewable energy pipeline in Taiwan.

The key priority for the Board and management remains the path to profitability and positive operating cash flow.

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 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 delivers a mass of data that enables AI for customers.

X2M has contracted to provide services to develop data centre and energy infrastructure precincts in regional Australia including design, supply, installation, commissioning and operation. X2M provides platform services to manage the data centre environment and energy and cooling networks for precincts leveraging AI to deliver optimised outcomes.

X2M's core platform underpins three product families, '*Vision by X2M*', '*Hive.AI by X2M*' and the '*Help Me*' safety device, supporting more than 90 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 service fees, 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](#).

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 2026

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	1,943	1,943
1.2 Payments for		
(a) research and development	(47)	(47)
(b) product manufacturing and operating costs	(873)	(873)
(c) advertising and marketing	(37)	(37)
(d) leased assets	(48)	(48)
(e) staff costs	(1,121)	(1,121)
(f) administration and corporate costs	(576)	(576)
1.3 GST/VAT received/(paid)	2	2
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(21)	(21)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	2	2
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(774)	(774)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(1)	(1)
(d) investments	-	-
(e) intellectual property	(691)	(691)
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-

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	-	-
2.6	Net cash from / (used in) investing activities	(692)	(692)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,000	3,000
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	(374)	(374)
3.5	Proceeds from borrowings	969	969
3.6	Repayment of borrowings	(1,968)	(1,968)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other - Repayment of lease liabilities	(70)	(70)
3.10	Net cash from / (used in) financing activities	1,557	1,557

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,300	1,300
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(774)	(774)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(692)	(692)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,557	1,557
4.5	Effect of movement in exchange rates on cash held	29	29
4.6	Cash and cash equivalents at end of period	1,420	1,420

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	1,420	1,300
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)	1,420	1,300

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	117
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	-
<i>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.</i>		

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)	655	655
	- Convertible loan (Barkers Hawthorn)	2,500	-
	- R&D loan (Kashcade)	1,000	631
	- Unsecured loan	1,058	1,058
7.4	Total financing facilities	5,213	2,344
7.5	Unused financing facilities available at quarter end		2,869

- 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 loan facility

Barkers Hawthorn Pty Ltd ATF Barkers Hawthorn Property Trust.

- Amount drawn as of 30 September 2026 was \$Nil
- Drawdowns are subject to lender's consent
- Repayment date is 31 December 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%;

R&D loan - \$1 million loan facility

The loan facility of \$1 million is with Kashcade RD1 Pty Ltd and it is secured against the Company's FY26 R&D Tax Incentive (RDTI). The interest rate for the loan facility is 16.56% per annum. Repayment is timed to coincide with receipt of X2M's FY26 RDTI refund. Amount drawn as of 30 June 2026 was \$0.6 million.

Unsecured loan – \$1.1 million (KRW\$1 Billion) loan in South Korea subsidiary

- Lender: ARISTech Co., Ltd
- Amount drawn as of 30 September 2026 was KRW \$1 Billion (circa. AUD\$1.1 million)
- Repayment date is 30 June 2027
- Interest is payable monthly in cash at a rate of 6.48% per annum
- Loan is being used to fund ongoing operational cash requirements in the Korean entity

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(774)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,420
8.3	Unused finance facilities available at quarter end (item 7.5)	2,869
8.4	Total available funding (item 8.2 + item 8.3)	4,289
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	5.54
<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: 30 October 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.