

## X2M Connect pro-forma statement of financial position based on actual raising amount

The pro forma statement of financial position is provided for illustrative purposes only and is not represented as being necessarily indicative of X2M Connect Limited’s view of its future financial position.				
\$'000s	Notes	Reviewed X2M Connected Limited (consolidated)	Pro-forma Adjustments	Pro-forma
31-Dec-20				
ASSETS				
Current assets				
Cash and cash equivalents	1,2,3,5,11,12	487	10,380	10,867
Trade and other receivables		693	-	693
Contract assets		900	-	900
Inventories		757	-	757
Other assets		701	-	701
Total current assets		3,538	10,380	13,918
Non-current assets				
Property, plant and equipment and right-of-use assets		1,083	-	1,083
Intangibles		2,154	-	2,154
Other assets		104	-	104
Total non-current assets		3,341	-	3,341
TOTAL ASSETS		6,879	10,380	17,259
LIABILITIES				
Current liabilities				
Trade and other payables		2,745	-	2,745
Contract liabilities		55	-	55
Borrowings	1,3,4,5,10	6,286	(6,286)	-
Lease liabilities		142	-	142
Derivative financial instruments	4	143	(143)	-
Employee benefits		329	-	329
Provisions		58	-	58
Total Current Liabilities		9,758	(6,429)	3,329
Non-Current Liabilities				
Lease liabilities		164	-	164
Deferred tax		417	-	417
Employee benefits		268	-	268
Total Non-current liabilities		849	-	849
Total liabilities		10,607	(6,429)	4,178
Net assets/(deficiency)		(3,728)	16,809	13,081
Equity				
Contributed equity	2,4,6,10,11,12	-	19,261	19,261
Reserves	7,8,9	(13)	2,007	1,994
Accumulated losses	4,7,8,9,12	(3,715)	(4,459)	(8,174)
Total Equity		(3,728)	16,809	13,081

## Notes on Pro-forma adjustments

The following notes define the contemplated transactions and adjustments in the Prospectus which are to take place on or before the completion of the Offers and are presented as if they, together with the Offers, had occurred subsequent to 31 December 2020 and are set out below.

With the exception of the transactions noted below, no other material transactions have occurred between 31 December 2020 and the date of the Prospectus which the Directors consider require disclosure.

1. **Convertible note raising:** In January 2021, the Company completed a capital raising through the issue of convertible notes totalling \$0.15m;
2. **Pre-Public Offer capital raising:** In March, May and June 2021, the Company completed a capital raising through the issue of Shares to a value totalling \$2.07m;
3. **Pre-Public Offer convertible note raising:** In June and July 2021, the Company completed a capital raising through the issue of convertible notes totalling \$2.0m;
4. **Conversion of Convertible Notes:** On 11 March 2021, convertible notes with a face value totalling \$5.5m were converted to Shares in accordance with the terms of their issue;
5. **Loan Repayments:** Loans to the value of \$0.936m were repaid using proceeds of the pre-Public Offer capital raise.
6. **Key Employee Shares:** In February, March, June and July 2021, the Company issued 17,747,156 Shares to Directors (including, former Director Michael An), key management personnel and employees for nil consideration. The valuation of the share-based payment provided is \$2.218m.
7. **Existing Options:** In July 2021, the issue of 9,411,283 Options to Mohan Jesudason and Keith Jelley (key management personnel) for nil consideration, which Options are exercisable at \$0.25 each on or before 15 July 2025. The valuation of the Options is \$0.575m.
8. **Executive Options Offer:** The issue of 9,559,588 Options to Mohan Jesudason and Keith Jelley (key management personnel) under the Executive Options Offer for nil consideration, which Options are exercisable at \$0.3575 each on or before the date that is four years from the date of issue of the Options. The valuation of the Options is \$1.178m.
9. **Lead Manager Options:** the issue of Options to the Lead Manager of the Public Offer (Bell Potter) totalling 3,132,308 if the Minimum Subscription is raised or 3,292,308 if the Maximum Subscription is raised, which are split equally between two tranches, exercisable at \$0.25 and \$0.3125 each expiring on the date that is three years from the date of issue of the Options. The valuation of the Options is \$0.242m at Minimum Subscription and \$0.254m at Maximum Subscription.
10. **Conversion of Pre IPO convertible notes:** in accordance with the terms of issue of the Pre IPO convertible notes, immediately prior to lodgement of the Prospectus, the convertible notes on issue totalling \$2.0m were converted to 13,333,334 Shares.
11. **Public Offer:** the issue of 32,000,000 Shares for the Maximum Subscription, at \$0.25 per Share, amounting \$8.0m.

**12. Public Offer costs:** total expenses associated with the Public Offer including Lead Manager fees, legal, accounting and administrative fees as well as printing, advertising and other miscellaneous expenses are estimated to be \$0.855m (exclusive of GST). \$0.327m of the Public Offer costs are expensed and the balance is capitalised.