

## 1. Company details

Name of entity:	X2M Connect Limited
ACN:	637 951 154
Reporting period:	For the period ended 30 June 2023
Previous period:	For the period ended 30 June 2022

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## 2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	56% to	16,213,089
Loss from ordinary activities after tax attributable to the owners of X2M Connect Limited	down	36% to	(6,514,079)
Loss for the period attributable to the owners of X2M Connect Limited	down	36% to	(6,514,079)

### Dividends

There were no dividends paid, recommended or declared during the current financial period.

### Key points

The 2023 financial year was a transformative one for X2M. All core business metrics performed well with the Company's strategy of investing in growth delivering results. Key operational metrics compared to the prior corresponding period (pcp) ended 30 June 2022 were:

- Revenues from ordinary activities are up 56% to \$16.2 million
- Total cash burn from operating activities for the year was \$2.3 million, an improvement of 62% on the pcp
- Total connected devices increased to 428,801 up 75% on the pcp
- 19 new enterprise and government customers were added during the year bringing the total customer base up to 65, an increase of 46% on the pcp
- X2M is well positioned for FY24 with already contracted revenues of more than \$5 million

### Group Commentary

FY23 results for the Company reflect the outcomes of X2M's strategy of securing customers with large numbers of households, increasing our share of the total addressable market (TAM) of customers, continuing to grow recurring SaaS and maintenance revenues and moving into new markets where market analysis is positive.

Revenue for the period was \$16.2 million, up 56% on the pcp, reflecting significant organic growth across all operating jurisdictions except Australia. South Korean operations continued to perform well, driven by Korea Water Corporation deployments, deeper penetration into existing customers' addressable markets and a number of new municipalities coming on board. Taiwan continued its progress as the Group's incubation hub securing repeat orders from Electronic Testing and Certification Center (ETC) for energy management solutions and Great Tainan Gas Company for gas monitoring, together with a new customer order from the National Chung Cheng University (CCU) for the delivery of a smart water resources management system for the university campus. The China market, which the Group entered in 2021, made good progress earning revenues of \$4.4 million for the year. With phase 1 of the market entry strategy well progressed, the Group plans to move to higher margin sales in this market.

The Group's total connected devices increased to 428,801 at 30 June 2023, adding approximately 184,000 connected devices to its patented software platform over the year and representing 75% growth on the pcp.

Other income was \$0.7 million, up 49% on the pcp. This mainly consists of \$0.6 million in research and development tax incentive and other government grants.

Gross profit margin improved to 23%, up from 22% in the pcp. This was mainly attributable to improved margins from South Korea and China operations.

**X2M Connect Limited**  
**Appendix 4E**  
**Preliminary final report**

Operating expenses, excluding cost of sales and share based payments expense, were \$9.1 million, up 2% on the pcp. The increase was primarily driven by:

- \$5.3 million in employee benefits and staff costs, up 2%, or \$0.1 million, on pcp.
- \$2.3 million in other expenses (pcp: \$2.0 million), mainly attributable to product remediation and upgrade, and travel due to increased deployment activities in South Korea.
- Partly offset by reduction in professional fees of \$0.4 million primarily due to lower legal fees and termination of the Freestyle litigation.

Non-cash share based payments were \$0.6 million (pcp: \$2.2 million).

The loss for the Group after income tax amounted to \$6.5 million (2022: loss of \$10.2 million).

The following table summaries key reconciling items between statutory after tax result attributable to the shareholders of the Company and adjusted EBITDA\*:

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax	(6,514,079)	(10,235,780)
Less: Income tax expense	1,144	14,826
Add: Finance costs	212,457	74,658
Add: Depreciation and amortisation	1,054,958	946,043
Statutory EBITDA	(5,245,520)	(9,200,253)
Add: Share based payments expense**	645,952	2,184,136
Add: One off IPO expenses	-	891,708
Adjusted EBITDA*	<u>(4,599,568)</u>	<u>(6,124,409)</u>

\* Adjusted EBITDA is a non-IFRS measure calculated as earnings before income tax, and before depreciation and amortisation, finance costs, share based payments and one-off IPO expenses. The Board assesses the underlying performance of the business based on measures of Adjusted EBITDA and Adjusted EBIT which excludes the effect of non-operating and non-recurring items.

\*\* Share based payments expense relates to non-cash shares, options and performance rights issued to employees.

*Financial position*

The Group's cash and cash equivalents as at 30 June 2023 were \$1.8 million, an increase of \$0.8 million from 30 June 2022, mainly attributable to \$5.2 million (before costs) raised from the Entitlement Offer and Strategic Placements, offset by operating spend.

**3. Net tangible assets**

	<b>Reporting period Cents</b>	<b>Previous period Cents</b>
Net tangible assets per ordinary security	<u>(1.53)</u>	<u>(0.68)</u>

**4. Control gained over entities**

Not applicable.

## 5. Loss of control over entities

Not applicable.

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## 6. Dividends

### *Current period*

There were no dividends paid, recommended or declared during the current financial period.

### *Previous period*

There were no dividends paid, recommended or declared during the previous financial period.

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## 7. Dividend reinvestment plans

Not applicable.

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## 8. Details of associates and joint venture entities

Not applicable.

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## 9. Foreign entities

### *Details of origin of accounting standards used in compiling the report:*

Not applicable.

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## 10. Audit qualification or review

### *Details of audit/review dispute or qualification (if any):*

The financial statements are in the process of being audited.

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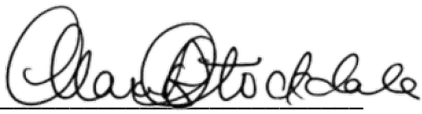
## 11. Attachments

### *Details of attachments (if any):*

The Preliminary Financial Report of X2M Connect Limited for the period ended 30 June 2023 is attached.

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## 12. Signed

Signed 

Date: 30 August 2023

Hon. Alan Stockdale AO  
Non-Executive Chairman  
Melbourne

# **X2M Connect Limited**

**ACN 637 951 154**

**Preliminary Financial Report - 30 June 2023**

**X2M Connect Limited**  
**Contents**  
**30 June 2023**

Corporate directory	2
Statement of profit or loss and other comprehensive income	3
Statement of financial position	4
Statement of changes in equity	5
Statement of cash flows	6
Notes to the financial statements	7

**X2M Connect Limited**  
**Corporate directory**  
**30 June 2023**

Directors	Hon. Alan Stockdale AO (Non-Executive Chairman) Mr Mohan Jesudason (Managing Director and Chief Executive Officer) Mr Damien Johnston (Non-Executive Director) Mr John Stewart (Non-Executive Director)
Company Secretary	Mr Oliver Carton
Registered office and principal place of business	Suite 1.01b, Building B, 18-24 Ricketts Road, Mount Waverley, VIC 3149 Telephone: 1800 926 926 (1800 X2M X2M)
Share register	Automic Pty Ltd Level 5, 126 Phillip Street, Sydney, NSW 2000 Telephone: +61 2 9698 5414
Auditor	Grant Thornton Collins Square Tower 5, 727 Collins Street, Melbourne, VIC 3008
Stock exchange listing	X2M Connect Limited securities are listed on the Australian Securities Exchange (ASX code: X2M and X2MO)
Website	<a href="http://www.x2mconnect.com">www.x2mconnect.com</a>

**X2M Connect Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the period ended 30 June 2023**

	Note	Consolidated 2023 \$	2022 \$
<b>Revenue</b>	3	16,213,089	10,387,638
Other income	4	658,617	443,213
Total revenue and other income		<u>16,871,706</u>	<u>10,830,851</u>
<b>Expenses</b>			
Cost of sales		(12,410,381)	(8,074,964)
Employee benefits expense		(5,313,786)	(5,194,039)
Share based payments expense		(645,952)	(2,184,136)
Depreciation and amortisation expense		(1,054,958)	(946,043)
Finance costs		(212,457)	(74,658)
Telephone expenses		(413,784)	(271,008)
Short-term lease expenses		(44,127)	(62,203)
Other expenses		(2,325,047)	(1,979,152)
Professional fees		(964,149)	(1,373,894)
IPO expenses		-	(891,708)
Total expenses		<u>(23,384,641)</u>	<u>(21,051,805)</u>
<b>Loss before income tax expense</b>		(6,512,935)	(10,220,954)
Income tax expense		(1,144)	(14,826)
<b>Loss after income tax expense for the period attributable to the owners of X2M Connect Limited</b>		(6,514,079)	(10,235,780)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Gain on the revaluation of financial assets at fair value through other comprehensive income, net of tax		659	-
Foreign currency translation		43,136	(9,957)
Other comprehensive income/(loss) for the period, net of tax		<u>43,795</u>	<u>(9,957)</u>
<b>Total comprehensive income/(loss) for the period attributable to the owners of X2M Connect Limited</b>		<u>(6,470,284)</u>	<u>(10,245,737)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	12	(3.54)	(7.70)
Diluted earnings per share	12	(3.54)	(7.70)

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**X2M Connect Limited**  
**Statement of financial position**  
**As at 30 June 2023**

	Note	Consolidated 2023 \$	2022 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,785,032	1,020,020
Trade and other receivables	5	2,565,557	241,489
Contract assets		961,727	796,228
Inventories		228,163	135,135
Other assets	6	3,808,287	2,054,133
<b>Total current assets</b>		<u>9,348,766</u>	<u>4,247,005</u>
<b>Non-current assets</b>			
Property, plant and equipment and right-of-use assets		450,270	627,622
Intangible assets	7	3,946,700	3,095,854
Other assets	6	429,738	201,972
<b>Total non-current assets</b>		<u>4,826,708</u>	<u>3,925,448</u>
<b>Total assets</b>		<u>14,175,474</u>	<u>8,172,453</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	8	6,405,703	2,236,186
Contract liabilities		3,552,254	2,203,139
Borrowings		2,069,095	558,476
Lease liabilities		159,592	243,075
Employee benefits		875,186	739,164
<b>Total current liabilities</b>		<u>13,061,830</u>	<u>5,980,040</u>
<b>Non-current liabilities</b>			
Lease liabilities		257,495	340,380
Employee benefits		450,902	296,341
<b>Total non-current liabilities</b>		<u>708,397</u>	<u>636,721</u>
<b>Total liabilities</b>		<u>13,770,227</u>	<u>6,616,761</u>
<b>Net assets</b>		<u>405,247</u>	<u>1,555,692</u>
<b>Equity</b>			
Issued capital	9	24,127,410	19,293,275
Reserves		2,671,008	2,141,509
Accumulated losses		<u>(26,393,171)</u>	<u>(19,879,092)</u>
<b>Total equity</b>		<u>405,247</u>	<u>1,555,692</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*



**X2M Connect Limited**  
**Statement of changes in equity**  
**For the period ended 30 June 2023**

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2021	9,412,958	415,574	(9,643,312)	185,220
Loss after income tax expense for the period	-	-	(10,235,780)	(10,235,780)
Other comprehensive income/(loss) for the period, net of tax	-	(9,957)	-	(9,957)
Total comprehensive income/(loss) for the period	-	(9,957)	(10,235,780)	(10,245,737)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	7,042,048	-	-	7,042,048
Issue of shares on conversion of convertible notes	2,000,000	-	-	2,000,000
Transfers	652,431	(652,431)	-	-
Share-based payments	185,838	1,998,298	-	2,184,136
Options issued as consideration for Public Offer services	-	390,025	-	390,025
Balance at 30 June 2022	<u>19,293,275</u>	<u>2,141,509</u>	<u>(19,879,092)</u>	<u>1,555,692</u>
	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
<b>Consolidated</b>				
Balance at 1 July 2022	19,293,275	2,141,509	(19,879,092)	1,555,692
Loss after income tax expense for the period	-	-	(6,514,079)	(6,514,079)
Other comprehensive income/(loss) for the period, net of tax	-	43,795	-	43,795
Total comprehensive income/(loss) for the period	-	43,795	(6,514,079)	(6,470,284)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 9)	4,804,247	-	-	4,804,247
Issue of shares under employee incentive plan	29,888	-	-	29,888
Share-based payments	-	485,704	-	485,704
Balance at 30 June 2023	<u>24,127,410</u>	<u>2,671,008</u>	<u>(26,393,171)</u>	<u>405,247</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**X2M Connect Limited**  
**Statement of cash flows**  
**For the period ended 30 June 2023**

	Note	Consolidated 2023 \$	2022 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		16,484,606	12,074,079
Receipts from government grants		1,468,350	352,389
Payments to suppliers and employees		(20,285,217)	(18,634,402)
Net cash used in operating activities		<u>(2,332,261)</u>	<u>(6,207,934)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(11,841)	(38,608)
Payments for intangibles		(2,684,221)	(1,659,929)
Payment for security deposits		(216,145)	(114,889)
Net cash used in investing activities		<u>(2,912,207)</u>	<u>(1,813,426)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	9	5,160,862	8,000,000
Share issue transaction costs		(370,879)	(694,743)
Advance received from investors		50,000	-
Proceeds from convertible notes		-	500,000
Net proceeds/(repayments) from/(of) borrowings		1,414,501	(395,612)
Repayment of lease liabilities (including interest)		(279,746)	(195,635)
Net cash from financing activities		<u>5,974,738</u>	<u>7,214,010</u>
Net increase/(decrease) in cash and cash equivalents		730,270	(807,350)
Cash and cash equivalents at the beginning of the financial period		1,020,020	1,952,842
Effects of exchange rate changes on cash and cash equivalents		34,742	(125,472)
Cash and cash equivalents at the end of the financial period		<u>1,785,032</u>	<u>1,020,020</u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

## Note 1. Significant accounting policies

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

### Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of X2M as at 30 June 2023 and the results of all subsidiaries for the period then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### Foreign currency translation

The financial statements are presented in Australian dollars, which is X2M Connect Limited's functional and presentation currency.

#### *Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

#### *Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

## Note 2. Operating segments

### *Identification of reportable operating segments*

The Consolidated Entity has identified its operating segments based on business activities in South Korea, China and Taiwan. These operating segments are based on the internal reports that are reviewed and used by the Chief Executive Officer in assessing the performance and in determining the allocation of resources.

The principal continuing activities of the Consolidated Entity consisted of carrying on its business to deploy devices and connect them to its proprietary software platform, where the company generates upfront hardware revenue and platform subscription fees.

## Note 2. Operating segments (continued)

The Other segment comprises Australia, which is a cost centre for corporate costs including head office, R&D and software development; and Hong Kong and Japan.

### Intersegment transactions

Intersegment transactions were made at market rates. These transactions included internal services provided by Australian head office to overseas subsidiaries and intersegment sales. Intersegment transactions are eliminated on consolidation.

### Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

### Major customers

During the year ended 30 June 2023, seven customers from South Korea contributed \$7,691,243, representing 47% of total external revenues. Two customers from China contributed \$4,119,862, representing 25% of total external revenues.

### Operating segment information

	South Korea \$	China \$	Taiwan \$	Other \$	Total \$
<b>Consolidated - 2023</b>					
<b>Revenue</b>					
Sales to external customers	10,462,476	4,368,012	828,179	554,422	16,213,089
Intersegment sales	321,527	-	-	328,125	649,652
Total sales revenue	10,784,003	4,368,012	828,179	882,547	16,862,741
Other income	96,222	3,297	463	558,635	658,617
Total segment revenue	10,880,225	4,371,309	828,642	1,441,182	17,521,358
Intersegment eliminations					(649,652)
<b>Total revenue and other income</b>					<b>16,871,706</b>
<b>Adjusted EBITDA*</b>	(1,028,150)	(93,383)	(803,945)	(2,674,090)	(4,599,568)
Depreciation and amortisation	(124,675)	(88,487)	(18,208)	(823,588)	(1,054,958)
<b>Adjusted EBIT*</b>	<b>(1,152,825)</b>	<b>(181,870)</b>	<b>(822,153)</b>	<b>(3,497,678)</b>	<b>(5,654,526)</b>
<b>Unallocated</b>					
Share based payments**					(645,952)
Finance costs					(212,457)
Income tax expense					(1,144)
<b>Loss after income tax expense</b>					<b>(6,514,079)</b>
<b>Assets</b>					
Segment assets	3,564,637	2,758,394	618,758	7,233,685	14,175,474
<b>Total assets</b>					<b>14,175,474</b>
<b>Liabilities</b>					
Segment liabilities	5,549,062	2,583,671	654,929	4,982,565	13,770,227
<b>Total liabilities</b>					<b>13,770,227</b>

\* Adjusted EBITDA is a non-IFRS measure calculated as earnings before income tax, and before depreciation and amortisation, finance costs, share based payments and one-off expenses. The Board assesses the underlying performance of the business based on measures of Adjusted EBITDA and Adjusted EBIT which excludes the effect of non-operating and non-recurring items.

\*\* Share based payments expense relate to non-cash options and performance rights to employees.

## Note 2. Operating segments (continued)

	South Korea \$	China \$	Taiwan \$	Other \$	Total \$
<b>Consolidated - 2022</b>					
<b>Revenue</b>					
Sales to external customers	6,183,307	3,294,587	296,092	613,652	10,387,638
Intersegment sales	289,753	-	-	-	289,753
Total sales revenue	6,473,060	3,294,587	296,092	613,652	10,677,391
Other income	75,432	5,845	11,610	350,326	443,213
Total segment revenue	6,548,492	3,300,432	307,702	963,978	11,120,604
Intersegment eliminations					(289,753)
<b>Total revenue and other income</b>					<b>10,830,851</b>
<b>Adjusted EBITDA*</b>	(1,620,124)	(194,948)	(838,136)	(3,471,201)	(6,124,409)
Depreciation and amortisation	(430,290)	(91,626)	(20,237)	(403,890)	(946,043)
<b>Adjusted EBIT*</b>	<b>(2,050,414)</b>	<b>(286,574)</b>	<b>(858,373)</b>	<b>(3,875,091)</b>	<b>(7,070,452)</b>
Share based payments**					(2,184,136)
IPO expenses***					(891,708)
Finance costs					(74,658)
Income tax expense					(14,826)
<b>Loss after income tax expense</b>					<b>(10,235,780)</b>
<b>Assets</b>					
Segment assets	2,374,285	213,188	270,562	5,314,418	8,172,453
<b>Total assets</b>					<b>8,172,453</b>
<b>Liabilities</b>					
Segment liabilities	3,391,293	170,642	163,551	2,891,275	6,616,761
<b>Total liabilities</b>					<b>6,616,761</b>

\* Adjusted EBITDA is a non-IFRS measure calculated as earnings before income tax, and before depreciation and amortisation, finance costs, share based payments and one-off expenses. The Board assesses the underlying performance of the business based on measures of Adjusted EBITDA and Adjusted EBIT which excludes the effect of non-operating and non-recurring items.

\*\* Share based payments expense relate to non-cash options issued under the Employee Incentive Plan.

\*\*\* IPO expenses are non-recurring in nature.

## Note 3. Revenue

	Consolidated	
	2023 \$	2022 \$
SaaS and maintenance revenue	1,149,585	1,148,177
Hardware sales	14,910,568	8,894,685
Professional service fees	152,936	344,776
<b>Revenue</b>	<b>16,213,089</b>	<b>10,387,638</b>

SaaS and maintenance revenues for 2022 included \$374,689 of hardware subscription revenues.

### Note 3. Revenue (continued)

#### Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2023	2022
	\$	\$
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	14,910,568	9,057,983
Services transferred over time	1,302,521	1,329,655
	<u>16,213,089</u>	<u>10,387,638</u>

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers and the related revenue recognition policies.

Type of product/service	Nature and timing of satisfaction of performance obligations
SaaS and maintenance revenue	SaaS and maintenance revenue is recognised evenly over time.  Where a contract provides pricing for licence/subscription fees, revenue is recognised over the service period following the completion of hardware being installed.
Hardware sales	Hardware sales are recognised at a point in time when the Group has transferred to the buyer control of the goods and where there is no unfulfilled obligation that could affect the buyer's acceptance of the goods. The timing of the transfer of control varies depending on the individual terms of the sales agreement. The transfer usually occurs once the units of hardware are installed.
Professional service fees	Revenue is recognised over time, subject to the principal of constraint as receipt of payment is contingent upon achievement of the objectives defined in the contract. The constraint is relieved and revenue recognised when the management are able to determine that it is highly likely that there is no significant reversal of revenue associated with the constrained revenue.

### Note 4. Other income

	Consolidated	
	2023	2022
	\$	\$
Research and development tax credits	387,439	339,476
Government assistance	165,009	10,632
Interest income	6,292	1,137
Other income	99,877	91,968
Other income	<u>658,617</u>	<u>443,213</u>

## Note 5. Trade and other receivables

	Consolidated	
	2023	2022
	\$	\$
<i>Current assets</i>		
Trade receivables	2,405,755	184,372
Other receivables	159,802	57,117
	<u>2,565,557</u>	<u>241,489</u>

## Note 6. Other assets

	Consolidated	
	2023	2022
	\$	\$
<i>Current assets</i>		
Research and development tax credit receivables	1,480,841	1,314,897
Prepayments	2,283,147	739,236
Other assets	44,299	-
	<u>3,808,287</u>	<u>2,054,133</u>
<i>Non-current assets</i>		
Deposits	429,738	201,972
	<u>4,238,025</u>	<u>2,256,105</u>

## Note 7. Intangible assets

	Consolidated	
	2023	2022
	\$	\$
<i>Non-current assets</i>		
Intellectual property, patents and copyright - at cost	5,384,521	3,808,628
Less: Accumulated amortisation	(1,550,103)	(812,786)
	<u>3,834,418</u>	<u>2,995,842</u>
Intellectual property in progress - at cost	112,282	100,012
	<u>3,946,700</u>	<u>3,095,854</u>

## Note 8. Trade and other payables

	Consolidated	
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Trade payables	4,761,430	1,093,714
Accrued expenses	1,594,273	1,142,472
Other	50,000	-
	<u>6,405,703</u>	<u>2,236,186</u>

## Note 9. Issued capital

	2023 Shares	Consolidated 2022 Shares	2023 \$	2022 \$
Ordinary shares - fully paid	<u>204,719,828</u>	<u>140,101,536</u>	<u>24,127,410</u>	<u>19,293,275</u>

### Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2021	88,062,050		9,412,958
Issue of incentive shares to a key management personnel	2 July 2021	5,219,448	\$0.125	652,431
Issue of incentive shares to a key management personnel	14 July 2021	1,486,704	\$0.125	185,838
Issue of shares on conversion of convertible notes	14 July 2021	13,333,334	\$0.150	2,000,000
Issue of shares upon completion of the Public Offer	14 September 2021	32,000,000	\$0.250	8,000,000
Options issued as consideration for Public Offer services		-	-	(390,025)
Share issue transaction costs		-	-	(567,927)
Balance	30 June 2022	140,101,536		19,293,275
Issue of shares at closing of the Entitlement Offer	1 August 2022	26,588,104	\$0.085	2,259,989
Issue of shortfall shares under the Entitlement Offer	19 August 2022	15,628,241	\$0.085	1,328,400
Issue of shares on completion of the Entitlement Offer	25 August 2022	4,484,358	\$0.085	381,170
Issue of shares under the Employee Incentive Share Plan	17 March 2023	398,500	\$0.075	29,888
Issue of Placement shares	5 May 2023	9,688,233	\$0.068	658,800
Issue of shares on completion of the Share Purchase Plan	18 May 2023	4,889,680	\$0.068	332,498
Issue of Placement shares	31 May 2023	2,941,176	\$0.068	200,000
Share issue transaction costs		-	-	(356,610)
Balance	30 June 2023	<u>204,719,828</u>		<u>24,127,410</u>

## Note 10. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2023 %	2022 %
Freestyle Energy Two Pty Ltd	Australia	100%	100%
Freestyle Technology Taiwan Limited	Taiwan	100%	100%
Freestyle Technology Co., Ltd	South Korea	100%	100%
Golden Sino Hong Kong Limited	Hong Kong	100%	100%
Freestyle Technology (Shanghai) Co., Ltd	China	100%	100%
Freestyle Technology Japan KK	Japan	100%	100%
Beijing Freestyle Technology Co., Ltd	China	100%	100%



## Note 11. Events after the reporting period

Subsequent to financial year end, the Company successfully completed a capital raising of \$1.7 million through entering into convertible note agreements. \$650,000 of the conversion to ordinary shares are subject to shareholder approval at a meeting in October 2023.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

## Note 12. Earnings per share

	Consolidated	
	2023	2022
	\$	\$
Loss after income tax attributable to the owners of X2M Connect Limited	<u>(6,514,079)</u>	<u>(10,235,780)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>184,061,197</u>	<u>132,984,057</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>184,061,197</u>	<u>132,984,057</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(3.54)	(7.70)
Diluted earnings per share	(3.54)	(7.70)