

1. Company details

Name of entity:	X2M Connect Limited
ACN:	637 951 154
Reporting period:	For the period ended 30 June 2022
Previous period:	For the period ended 30 June 2021

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	82% to	10,387,638
Loss from ordinary activities after tax attributable to the owners of X2M Connect Limited	up	24% to	(10,235,780)
Loss for the period attributable to the owners of X2M Connect Limited	up	24% to	(10,235,780)

Dividends

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

Key points

The 2022 financial year was a transformative one for X2M. It saw the Company listed on the Australian Securities Exchange in September 2021. The period also saw all core business metrics perform well as the Company's strategy of investing in growth delivered results. Key operational metrics compared to the prior corresponding period (pcp) ended 30 June 2021 were:

- Revenues from ordinary activities are up 82% to \$10.4 million
- 12 new enterprise and government customers were added during the year increasing the total customer base to 46, up 35% on the pcp
- Total connected devices increased to 245,265 up from 123,256 on the pcp
- Zero customer churn was experienced
- X2M's balance sheet was strengthened following the successful IPO and repayment of the majority of borrowings

Group Commentary

X2M's FY22 results reflect the Company's strategy to invest in growth, move into new markets and one off costs associated with the September 2021 IPO.

Revenue for the period was \$10.4 million, up 82% on the pcp, an increase reflective of significant organic growth across all operating jurisdictions. South Korean operations continued to perform well, driven by deployments at Bucheon, Okcheon and Jeonju, with an addressable market of 360,000 households. The Group also won several tenders from Korea Water Resources Corporation (K Water) to deploy remote water monitoring solutions across various municipalities. Taiwan continued its progress as the Group's incubation hub securing the first commercial deployment of X2M's new energy management solution. The China market, which the Group entered in 2021, made good progress reporting revenues of \$3.3 million for the year. The Group's total connected devices increased to 245,265 at 30 June 2022, adding approximately 122,000 connected devices to X2M's patented software platform over the year, representing 99% growth on the pcp.

Other income was \$0.4 million, mainly consisting of \$0.3 million in the research and development tax incentive. The reduction compared to the pcp was predominately due to the COVID-19 assistance of \$0.4 million received from the Australian government in the prior year.

Gross profit margin was 22%, compared to 29% pcp. This reduced number was mainly attributable to low margin sales into the China market as part of X2M's growth strategy and higher component costs associated with the global supply shortage of semi-conductors.

Operating expenses, excluding cost of sales and IPO expenses, were \$9.0 million up 27% on pcp. Key expenses were:

- \$5.2 million in employee benefits and staff costs, up 12%, or \$0.6 million, on pcp. This increase in part reflected the onboarding of staff to support the China market entry and growth in customers. It also included director and company secretarial fees for a full financial year.
- \$2.0 million in other expenses (pcp: \$1.1 million), including additional costs associated with being a listed entity and \$0.8 million incurred on delivering product maintenance.
- \$1.4 million in professional fees (pcp: \$0.9 million), including additional contractors and associated recruitment costs to support growth.

Cost of sales were up 98% or \$4.0 million on pcp to \$8.1 million, reflecting increased sales volumes and higher component costs as outlined above.

Non-cash share based payments and IPO expenses were \$3.1 million (pcp: \$2.7 million).

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

	Consolidated	
	2022	2021
	\$'000	\$'000
Revenue	10,388	5,700
Adjusted EBITDA*	(6,124)	(4,439)
Depreciation and amortisation	(946)	(1,245)
Adjusted EBIT*	(7,070)	(5,684)
Share-based payments expense**	(2,184)	(2,072)
One off IPO expenses	(892)	(682)
Finance costs	(75)	(161)
Income tax benefit/(expense)	(15)	344
Loss after income tax	<u>(10,236)</u>	<u>(8,255)</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 exclude the effect of non-operating and non-recurring items.

** Share-based payments expense relates to non-cash shares and options issued under the Employee Incentive Plan.

Financial position

The Group's cash and cash equivalents as at 30 June 2022 were \$1.02 million, a decrease of \$0.9 million from 30 June 2021, mainly attributable to \$8.0 million (before costs) raised at the IPO offset by operating spend and the negative impact from FX movements. Borrowings were reduced to \$0.6 million, down from \$2.4 million at 30 June 2021.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(0.68)</u>	<u>(2.72)</u>

The net tangible assets per ordinary share figures were calculated based on 140,101,536 shares on issue at 30 June 2022 and 88,062,050 shares on issue at 30 June 2021.

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

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.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

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

The financial statements are in the process of being audited and an unqualified opinion is expected to be issued.

11. Attachments

Details of attachments (if any):

The Preliminary Financial Report of X2M Connect Limited for the period ended 30 June 2022 is attached.

12. Signed

Signed _____

Date: 31 August 2022

Hon. Alan Stockdale AO
Non-Executive Chairman
Melbourne

X2M Connect Limited

ACN 637 951 154

Preliminary Financial Report - 30 June 2022

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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

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Directors	Hon. Alan Stockdale AO (Non-Executive Chairman) Ms Jodie Leonard (Non-Executive Director) Mr Damien Johnston (Non-Executive Director) Mr John Stewart (Non-Executive Director)
Chief Executive Officer	Mr Mohan Jesudason
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	Automatic 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	www.x2mconnect.com

X2M Connect Limited
Statement of profit or loss and other comprehensive income
For the period ended 30 June 2022



	Note	Consolidated 2022 \$	2021 \$
Revenue	3	10,387,638	5,700,396
Other income	4	443,213	819,279
Total revenue and other income		<u>10,830,851</u>	<u>6,519,675</u>
Expenses			
Cost of sales		(8,074,964)	(4,074,487)
Employee benefits expense		(5,194,039)	(4,622,097)
Share based payments		(2,184,136)	(2,072,156)
Depreciation and amortisation expense		(946,043)	(1,244,792)
Finance costs		(74,658)	(161,084)
Telephone expenses		(271,008)	(205,055)
Short-term lease expenses		(62,203)	(101,779)
Other expenses		(1,979,152)	(1,089,671)
Professional fees		(1,373,894)	(866,441)
IPO expenses		(891,708)	(681,534)
Total expenses		<u>(21,051,805)</u>	<u>(15,119,096)</u>
Loss before income tax (expense)/benefit		(10,220,954)	(8,599,421)
Income tax (expense)/benefit		(14,826)	344,307
Loss after income tax (expense)/benefit for the period attributable to the owners of X2M Connect Limited		(10,235,780)	(8,255,114)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(9,957)	(260,670)
Other comprehensive income for the period, net of tax		(9,957)	(260,670)
Total comprehensive income for the period attributable to the owners of X2M Connect Limited		<u>(10,245,737)</u>	<u>(8,515,784)</u>
		Cents	Cents
Basic earnings per share	10	(7.70)	(12.21)
Diluted earnings per share	10	(7.70)	(12.21)

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 2022



	Note	Consolidated 2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents		1,020,020	1,952,842
Trade and other receivables		241,489	204,826
Contract assets		796,228	237,483
Inventories		135,135	76,317
Other assets		2,054,133	1,506,599
Total current assets		<u>4,247,005</u>	<u>3,978,067</u>
Non-current assets			
Property, plant and equipment and right-of-use assets		627,622	632,856
Intangible assets	5	3,095,854	2,196,687
Other assets		201,972	128,021
Total non-current assets		<u>3,925,448</u>	<u>2,957,564</u>
Total assets		<u>8,172,453</u>	<u>6,935,631</u>
Liabilities			
Current liabilities			
Trade and other payables	6	2,236,186	2,044,068
Contract liabilities		2,203,139	1,070,696
Borrowings		558,476	2,408,423
Lease liabilities		243,075	129,056
Derivative financial instruments		-	31,488
Employee benefits		739,164	675,331
Provisions		-	28,540
Total current liabilities		<u>5,980,040</u>	<u>6,387,602</u>
Non-current liabilities			
Lease liabilities		340,380	113,232
Employee benefits		296,341	249,577
Total non-current liabilities		<u>636,721</u>	<u>362,809</u>
Total liabilities		<u>6,616,761</u>	<u>6,750,411</u>
Net assets		<u>1,555,692</u>	<u>185,220</u>
Equity			
Issued capital	7	19,293,275	9,412,958
Reserves		2,141,509	415,574
Accumulated losses		<u>(19,879,092)</u>	<u>(9,643,312)</u>
Total equity		<u>1,555,692</u>	<u>185,220</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 2022



Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	260	23,813	(1,388,198)	(1,364,125)
Loss after income tax benefit for the period	-	-	(8,255,114)	(8,255,114)
Other comprehensive income for the period, net of tax	-	(260,670)	-	(260,670)
Total comprehensive income for the period	-	(260,670)	(8,255,114)	(8,515,784)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 7)	2,013,000	-	-	2,013,000
Share-based payments	1,419,725	652,431	-	2,072,156
Issue of shares on conversion of convertible notes	5,979,973	-	-	5,979,973
Balance at 30 June 2021	<u>9,412,958</u>	<u>415,574</u>	<u>(9,643,312)</u>	<u>185,220</u>

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
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 for the period, net of tax	-	(9,957)	-	(9,957)
Total comprehensive income 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 (note 7)	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>

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 2022



	Note	Consolidated	
		2022 \$	2021 \$
Cash flows from operating activities			
Receipts from customers		12,074,079	7,279,600
Receipts from government grants		352,389	497,178
Payments to suppliers and employees		(18,634,402)	(11,017,595)
Net cash used in operating activities		(6,207,934)	(3,240,817)
Cash flows from investing activities			
Payments for property, plant and equipment		(38,608)	-
Payments for intangibles		(1,659,929)	(776,738)
(Payment)/Proceeds (for)/ from release of security deposits		(114,889)	128,097
Net cash used in investing activities		(1,813,426)	(648,641)
Cash flows from financing activities			
Proceeds from issue of shares	7	8,000,000	2,070,000
Share issue transaction costs		(694,743)	(57,000)
Proceeds from convertible notes		500,000	2,800,000
Net proceeds/(repayments) from/(of) borrowings		(395,612)	952,221
Repayment of lease liabilities (including interest)		(195,635)	(225,013)
Net cash from financing activities		7,214,010	5,540,208
Net increase/(decrease) in cash and cash equivalents		(807,350)	1,650,750
Cash and cash equivalents at the beginning of the financial period		1,952,842	302,092
Effects of exchange rate changes on cash and cash equivalents		(125,472)	-
Cash and cash equivalents at the end of the financial period		<u>1,020,020</u>	<u>1,952,842</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 2022 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.

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.

Note 2. Operating segments (continued)

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 2022, three customers from South Korea contributed \$3,307,717, representing 32% of total external revenues. One customer from China contributed \$3,294,587, representing 32% of total external revenues.

Operating segment information

Consolidated - 2022	South Korea \$	China \$	Taiwan \$	Other \$	Total \$
Revenue					
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)
Total revenue and other income					<u>10,830,851</u>
Adjusted EBITDA*	(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)
Adjusted EBIT*	(2,050,414)	(286,574)	(858,373)	(3,875,091)	(7,070,452)
<i>Unallocated</i>					
Share based payments**					(2,184,136)
IPO expenses***					(891,708)
Finance costs					(74,658)
Income tax expense					(14,826)
Loss after income tax expense					<u>(10,235,780)</u>
Assets					
Segment assets	2,374,285	213,188	270,562	5,314,418	8,172,453
Total assets					<u>8,172,453</u>
Liabilities					
Segment liabilities	3,391,293	170,642	163,551	2,891,275	6,616,761
Total liabilities					<u>6,616,761</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 relate to non-cash options issued under the Employee Incentive Plan.

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

Note 2. Operating segments (continued)

Consolidated - 2021	South Korea \$	China \$	Taiwan \$	Other \$	Total \$
Revenue					
Sales to external customers	3,778,735	1,088,774	547,219	285,668	5,700,396
Intersegment sales	122,139	-	-	-	122,139
Total sales revenue	<u>3,900,874</u>	<u>1,088,774</u>	<u>547,219</u>	<u>285,668</u>	<u>5,822,535</u>
Other income	2,603	418	26	816,232	819,279
Total segment revenue	<u>3,903,477</u>	<u>1,089,192</u>	<u>547,245</u>	<u>1,101,900</u>	<u>6,641,814</u>
Intersegment eliminations					(122,139)
Total revenue and other income					<u>6,519,675</u>
Adjusted EBITDA	(1,108,544)	(201,604)	(924,016)	(2,205,691)	(4,439,855)
Depreciation and amortisation	(803,346)	(77,990)	(20,020)	(343,436)	(1,244,792)
Adjusted EBIT	<u>(1,911,890)</u>	<u>(279,594)</u>	<u>(944,036)</u>	<u>(2,549,127)</u>	<u>(5,684,647)</u>
<i>Unallocated</i>					
Share based payments					(2,072,156)
IPO expenses					(681,534)
Finance costs					(161,084)
Income tax benefit					344,307
Loss after income tax benefit					<u>(8,255,114)</u>
Assets					
Segment assets	2,064,136	824,901	333,795	3,712,799	6,935,631
Total assets					<u>6,935,631</u>
Liabilities					
Segment liabilities	3,006,383	1,031,528	650,568	2,061,932	6,750,411
Total liabilities					<u>6,750,411</u>

Note 3. Revenue

	Consolidated	
	2022	2021
	\$	\$
Platform subscriptions revenue	1,148,177	1,443,801
Hardware sales	8,894,685	4,139,630
Proof of concepts and other services revenue	344,776	116,965
Revenue	<u>10,387,638</u>	<u>5,700,396</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.

Note 3. Revenue (continued)

Type of product/service	Nature and timing of satisfaction of performance obligations
Platform subscription revenue	The nature and timing of revenue recognition can differ between customers based on the deliverables and pricing of each customer's contract. 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.
Proof of concepts and other service revenue	Where a contract requires the completion of milestones related to proof of concept and development service revenue, revenue is recognised when the objectives of the milestones are achieved.

Note 4. Other income

	Consolidated	
	2022	2021
	\$	\$
Research and development tax credits	339,476	322,101
Government assistance	10,631	393,381
Export market development grant	-	100,000
Interest income	1,137	612
Other income	91,969	3,185
	<u>443,213</u>	<u>819,279</u>

Note 5. Intangible assets

	Consolidated	
	2022	2021
	\$	\$
<i>Non-current assets</i>		
Intellectual property, patents and copyright - at cost	3,808,628	1,610,855
Less: Accumulated amortisation	(812,786)	(448,943)
	<u>2,995,842</u>	<u>1,161,912</u>
Intellectual property in progress - at cost	100,012	1,034,775
	<u>3,095,854</u>	<u>2,196,687</u>

Note 6. Trade and other payables

	Consolidated	
	2022	2021
	\$	\$
<i>Current liabilities</i>		
Trade payables	1,093,714	695,746
Accrued expenses	1,142,472	1,348,322
	<u>2,236,186</u>	<u>2,044,068</u>

Note 7. Issued capital

	Consolidated			
	2022	2021	2022	2021
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>140,101,536</u>	<u>88,062,050</u>	<u>19,293,275</u>	<u>9,412,958</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2020	2,598		260
Share split	4 February 2021	50,800,480	-	-
Issue of incentive shares to a Director	14 February 2021	720,000	\$0.100	72,000
Issue of shares on convertible note conversions	11 March 2021	44,000,000	\$0.125	5,500,000
Issue of shares	24 March 2021	600,000	\$0.125	75,000
Issue of incentive shares to key management personnel and employees	24 March 2021	6,479,520	\$0.045	291,578
Issue of incentive shares to a key management personnel	25 March 2021	11,400,000	\$0.045	513,000
Issue of shares	4 June 2021	23,222,223	\$0.045	1,045,000
Issue of additional shares to convertible note holders	9 June 2021	63,547,437	-	-
Share consolidation at a ratio of 2.777777778	9 June 2021	(128,495,164)	-	-
Issue of share from pre-IPO capital raise	23 June 2021	7,600,000	\$0.125	950,000
Issue of shares on loan conversions and establishment fees	23 June 2021	3,839,780	\$0.125	479,973
Issue of incentive shares to Directors, employees and others	30 June 2021	4,345,176	\$0.125	543,147
Cost of capital raising		-	-	(57,000)
Balance	30 June 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	<u>140,101,536</u>		<u>19,293,275</u>

Note 8. 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	
		2022 %	2021 %
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 9. Events after the reporting period

Subsequent to financial year end, the Company successfully completed a 1-for-3 Accelerated Non-Renounceable Entitlement Offer (Entitlement Offer). A total of 46,700,703 shares were issued at \$0.085 (8.5 cents) per share, raising \$3.97 million (before costs). Participating shareholders also received one free attaching option with an exercise price of \$0.16 for every two new X2M shares taken up under the Entitlement Offer.

No other matter or circumstance has arisen since 30 June 2022 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 10. Earnings per share

	Consolidated	
	2022 \$	2021 \$
Loss after income tax attributable to the owners of X2M Connect Limited	<u>(10,235,780)</u>	<u>(8,255,114)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>132,984,057</u>	<u>67,619,064</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>132,984,057</u>	<u>67,619,064</u>
	Cents	Cents
Basic earnings per share	(7.70)	(12.21)
Diluted earnings per share	(7.70)	(12.21)