

## 1. Company details

Name of entity:	X2M Connect Limited
ACN:	637 951 154
Reporting period:	For the period ended 30 June 2024
Previous period:	For the period ended 30 June 2023

## 2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	17% to	13,384,140
Loss from ordinary activities after tax attributable to the owners of X2M Connect Limited	down	- to	(6,512,880)
Loss for the period attributable to the owners of X2M Connect Limited	down	- to	(6,512,880)
Adjusted EBITDA* loss	down	31% to	(3,171,994)

\* 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.

### Dividends

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

### Key points

Group revenue performance is the result of the strategic decision made at the start of the year to move away from low-margin hardware sales as the Company drives towards cash breakeven. Key operational metrics for the year were as follows:

- Revenues from ordinary activities were \$13.4 million, down 17% on the previous corresponding period (pcp)
- Recurring SaaS and maintenance revenue \$1.7 million, up 50% on pcp
- Gross profit \$4.9 million, up 29% on the pcp
- Operating expenditure, excluding cost of sales and share based payments, was \$8.5 million, an improvement of 7% on the pcp
- South Korea delivered its first positive EBITDA of \$0.5 million
- 11 new enterprise and government customers were acquired bringing the total customer base to 75, an increase of 15% on the pcp
- Connected devices were 537,706, up 25% on the pcp

### Group Commentary

FY24 results for the Company reflect the outcomes of X2M's strategy to move away from low margin hardware sales in the China segment as the Company drives towards being EBITDA positive and cash breakeven. The loss for the Group after income tax amounted to \$6.5 million (2023: loss of \$6.5 million).

Revenue for the period was \$13.4 million, down 17% on the pcp, reflecting the move away from low-margin hardware sales. Recurring SaaS and maintenance revenues continued to grow and were up 50% on pcp to \$1.7 million. FY24 gross profit of \$4.9 million was up 29% on the pcp largely due to the market in South Korea becoming profitable, while the margin was 37%, up 14 percentage points on the pcp due to reduced low-margin sales and lowered product costs. The Group's total connected devices increased to 537,706 at 30 June 2024, representing 25% growth on the pcp.

Operating expenses, excluding cost of sales and share-based payments expense, were \$8.5 million, down 7% on the pcp, reflecting the result of cost saving initiatives including lower headcount.

**X2M Connect Limited**  
**Appendix 4E**  
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Non-cash share-based payments were \$1 million (pcp: \$0.6 million).

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

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax	(6,512,880)	(6,514,079)
Less: Income tax expense	713	1,144
Add: Finance costs	970,397	212,457
Add: Depreciation and amortisation	<u>1,334,981</u>	<u>1,054,958</u>
EBITDA	(4,206,789)	(5,245,520)
Add: Share based payments expense**	<u>1,034,795</u>	<u>645,952</u>
Adjusted EBITDA*	<u><u>(3,171,994)</u></u>	<u><u>(4,599,568)</u></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 key management personnels and employees, including for remuneration forgone by Directors and Executives.

#### *Financial position*

The Group's cash and cash equivalents as at 30 June 2024 were \$1.9 million, an increase of \$0.2 million from 30 June 2023.

### **3. Net tangible assets**

	<b>Reporting period Cents</b>	<b>Previous period Cents</b>
Net tangible assets per ordinary security	<u>(1.06)</u>	<u>(1.53)</u>

### **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.

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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

The financial statements are in the process of being audited.


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## 11. Attachments

The Preliminary Financial Report of X2M Connect Limited for the period ended 30 June 2024 is attached.

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## 12. Signed

Signed  \_\_\_\_\_

Date: 30 August 2024

Hon. Alan Stockdale AO  
Non-Executive Chairman  
Melbourne

**X2M Connect Limited**

ACN 637 951 154

**Preliminary Financial Report - 30 June 2024**

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**30 June 2024**

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**X2M Connect Limited**  
**Corporate directory**  
**30 June 2024**

**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 Audit Pty Ltd  
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](http://www.x2mconnect.com)

**End of year reporting calendar**

Reporting requirement	Date
FY24 Annual Report	27 September 2024
Deadline for nomination as Director	15 October 2024
Notice of Annual General Meeting	25 October 2024
ASX Appendix 4C - September 2024 quarter	30 October 2024
Annual General Meeting	26 November 2024

**X2M Connect Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the period ended 30 June 2024**

	Note	Consolidated 2024 \$	2023 \$
<b>Revenue</b>	3	13,384,140	16,213,089
Other income	4	364,983	658,617
<b>Total revenue and other income</b>		<u>13,749,123</u>	<u>16,871,706</u>
<b>Expenses</b>			
Cost of sales		(8,467,156)	(12,410,381)
Employee benefits expense		(4,620,899)	(5,313,786)
Share based payments expense		(1,034,795)	(645,952)
Depreciation and amortisation expense		(1,334,981)	(1,054,958)
Finance costs		(970,397)	(212,457)
Telephone expenses		(386,690)	(413,784)
Short-term lease expenses		(137,339)	(44,127)
Other expenses		(2,318,336)	(2,325,047)
Professional fees		(990,697)	(964,149)
<b>Total expenses</b>		<u>(20,261,290)</u>	<u>(23,384,641)</u>
<b>Loss before income tax expense</b>		(6,512,167)	(6,512,935)
Income tax expense		(713)	(1,144)
<b>Loss after income tax expense for the period attributable to the owners of X2M Connect Limited</b>		(6,512,880)	(6,514,079)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		151,096	43,795
<b>Other comprehensive income for the period, net of tax</b>		151,096	43,795
<b>Total comprehensive income for the period attributable to the owners of X2M Connect Limited</b>		<u>(6,361,784)</u>	<u>(6,470,284)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	14	(2.58)	(3.54)
Diluted earnings per share	14	(2.58)	(3.54)

*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 2024**

	Note	Consolidated 2024 \$	2023 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,938,882	1,785,032
Trade and other receivables	5	2,872,234	2,565,557
Contract assets		61,979	961,727
Inventories		71,671	228,163
Other assets	7	2,474,718	3,808,287
<b>Total current assets</b>		<u>7,419,484</u>	<u>9,348,766</u>
<b>Non-current assets</b>			
Financial assets at fair value through other comprehensive income	6	520,000	-
Property, plant and equipment and right-of-use assets		499,201	450,270
Intangible assets	8	4,478,691	3,946,700
Other assets	7	602,592	429,738
<b>Total non-current assets</b>		<u>6,100,484</u>	<u>4,826,708</u>
<b>Total assets</b>		<u>13,519,968</u>	<u>14,175,474</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	9	6,256,733	6,405,703
Contract liabilities		1,734,347	3,552,254
Borrowings	10	224,506	2,069,095
Lease liabilities		215,416	159,592
Employee benefits		935,397	875,186
<b>Total current liabilities</b>		<u>9,366,399</u>	<u>13,061,830</u>
<b>Non-current liabilities</b>			
Borrowings	10	2,787,185	-
Lease liabilities		261,450	257,495
Employee benefits		560,035	450,902
<b>Total non-current liabilities</b>		<u>3,608,670</u>	<u>708,397</u>
<b>Total liabilities</b>		<u>12,975,069</u>	<u>13,770,227</u>
<b>Net assets</b>		<u>544,899</u>	<u>405,247</u>
<b>Equity</b>			
Issued capital	11	29,046,310	24,127,410
Reserves		4,404,640	2,671,008
Accumulated losses		(32,906,051)	(26,393,171)
<b>Total equity</b>		<u>544,899</u>	<u>405,247</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 2024**

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</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 for the period, net of tax	-	43,795	-	43,795
Total comprehensive income 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	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>

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2023	24,127,410	2,671,008	(26,393,171)	405,247
Loss after income tax expense for the period	-	-	(6,512,880)	(6,512,880)
Other comprehensive income for the period, net of tax	-	151,096	-	151,096
Total comprehensive income for the period	-	151,096	(6,512,880)	(6,361,784)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 11)	4,587,928	-	-	4,587,928
Issue of shares under employee incentive plan	80,972	-	-	80,972
Issue of shares as consideration for services	250,000	-	-	250,000
Convertible note reserve	-	419,853	-	419,853
Options issued to a lender as part of borrowing costs	-	278,448	-	278,448
Options issued for FY23 short term incentive	-	320,406	-	320,406
Share-based payments	-	563,829	-	563,829
Balance at 30 June 2024	<u>29,046,310</u>	<u>4,404,640</u>	<u>(32,906,051)</u>	<u>544,899</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 2024**

	Note	Consolidated 2024 \$	2023 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		13,669,199	16,484,606
Receipts from government grants		1,479,121	1,468,350
Payments to suppliers and employees		(17,530,122)	(20,285,217)
Net cash used in operating activities		<u>(2,381,802)</u>	<u>(2,332,261)</u>
<b>Cash flows from investing activities</b>			
Payments for investments		(520,000)	-
Payments for property, plant and equipment		(41,500)	(11,841)
Payments for intangibles		(2,769,265)	(2,684,221)
Proceeds from/(Payment for) security deposits		5,021	(216,145)
Net cash used in investing activities		<u>(3,325,744)</u>	<u>(2,912,207)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		4,733,488	5,160,857
Share issue transaction costs		(266,751)	(370,874)
Advance received from investors	9	830,000	50,000
Proceeds from convertible notes		1,675,000	-
Proceeds from other borrowings		680,252	2,197,000
Proceeds from converting loan		1,000,000	-
Repayment of borrowings		(2,517,433)	(782,499)
Repayment of lease liabilities (including interest)		(241,294)	(279,746)
Net cash from financing activities		<u>5,893,262</u>	<u>5,974,738</u>
Net increase in cash and cash equivalents		185,716	730,270
Cash and cash equivalents at the beginning of the financial period		1,785,032	1,020,020
Effects of exchange rate changes on cash and cash equivalents		(31,866)	34,742
Cash and cash equivalents at the end of the financial period		<u><u>1,938,882</u></u>	<u><u>1,785,032</u></u>

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

## Note 1. Material accounting policy information

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. The consolidated financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities, funding of operating activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

### Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of X2M as at 30 June 2024 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.

## Note 2. Operating segments (continued)

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.

### 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 2024, four customers from South Korea contributed \$4,310,059, representing 32% of total external revenues. Two customers from China contributed \$2,109,869, representing 16% of total external revenues.

### Operating segment information

	South Korea \$	China \$	Taiwan \$	Other \$	Total \$
<b>Consolidated - 2024</b>					
<b>Revenue</b>					
Sales to external customers	10,426,454	2,109,869	368,626	479,191	13,384,140
Intersegment sales	174,772	-	-	-	174,772
Total sales revenue	10,601,226	2,109,869	368,626	479,191	13,558,912
Other income	12,872	309	493	351,309	364,983
Total segment revenue	10,614,098	2,110,178	369,119	830,500	13,923,895
Intersegment eliminations					(174,772)
<b>Total revenue and other income</b>					<b>13,749,123</b>
<b>Adjusted EBITDA*</b>	457,014	(166,489)	(776,064)	(2,686,455)	(3,171,994)
Depreciation and amortisation	(140,876)	(8,261)	(33,968)	(1,151,876)	(1,334,981)
<b>Adjusted EBIT*</b>	<b>316,138</b>	<b>(174,750)</b>	<b>(810,032)</b>	<b>(3,838,331)</b>	<b>(4,506,975)</b>
<b>Unallocated</b>					
Share based payments**					(1,034,795)
Finance costs					(970,397)
Income tax expense					(713)
<b>Loss after income tax expense</b>					<b>(6,512,880)</b>
<b>Assets</b>					
Segment assets	1,697,533	3,112,709	300,830	8,408,896	13,519,968
<b>Total assets</b>					<b>13,519,968</b>
<b>Liabilities</b>					
Segment liabilities	3,349,974	2,801,545	388,701	6,434,849	12,975,069
<b>Total liabilities</b>					<b>12,975,069</b>

## Note 2. Operating segments (continued)

\* 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 shares, options and performance rights to key management personnels and employees, including for remuneration forgone by Directors and Executives.

<b>Consolidated - 2023</b>	<b>South Korea \$</b>	<b>China \$</b>	<b>Taiwan \$</b>	<b>Other \$</b>	<b>Total \$</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
<b>Total sales revenue</b>	<b>10,784,003</b>	<b>4,368,012</b>	<b>828,179</b>	<b>882,547</b>	<b>16,862,741</b>
Other income	96,222	3,297	463	558,635	658,617
<b>Total segment revenue</b>	<b>10,880,225</b>	<b>4,371,309</b>	<b>828,642</b>	<b>1,441,182</b>	<b>17,521,358</b>
Intersegment eliminations					(649,652)
<b>Total revenue and other income</b>					<b>16,871,706</b>
<b>Adjusted EBITDA*</b>	<b>(1,028,150)</b>	<b>(93,383)</b>	<b>(803,945)</b>	<b>(2,674,090)</b>	<b>(4,599,568)</b>
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>
<i>Unallocated</i>					
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 shares, options and performance rights to employees.

## Note 3. Revenue

	<b>Consolidated 2024 \$</b>	<b>2023 \$</b>
SaaS and maintenance revenue	1,719,095	1,149,585
Hardware sales	11,665,045	14,910,568
Professional service fees	-	152,936
<b>Revenue</b>	<b>13,384,140</b>	<b>16,213,089</b>

### Note 3. Revenue (continued)

#### Disaggregation of revenue

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

	Consolidated	
	2024	2023
	\$	\$
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	11,665,045	14,910,568
Services transferred over time	1,719,095	1,302,521
	<u>13,384,140</u>	<u>16,213,089</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 and accepted by customer.
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	
	2024	2023
	\$	\$
Research and development tax credits	338,067	387,439
Government assistance	-	165,009
Interest income	13,524	6,292
Other income	13,392	99,877
	<u>364,983</u>	<u>658,617</u>

## Note 5. Trade and other receivables

	Consolidated	
	2024	2023
	\$	\$
<i>Current assets</i>		
Trade receivables	2,838,915	2,405,755
Other receivables	33,319	159,802
	<u>2,872,234</u>	<u>2,565,557</u>

## Note 6. Financial assets at fair value through other comprehensive income

	Consolidated	
	2024	2023
	\$	\$
<i>Non-current assets</i>		
Shares in unlisted entity	<u>520,000</u>	<u>-</u>

### Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial period are set out below:

Opening fair value	-	-
Additions	520,000	-
Closing fair value	<u>520,000</u>	<u>-</u>

## Note 7. Other assets

	Consolidated	
	2024	2023
	\$	\$
<i>Current assets</i>		
Research and development tax credit receivables	1,528,511	1,480,841
Prepayments	794,460	2,283,147
Other assets	151,747	44,299
	<u>2,474,718</u>	<u>3,808,287</u>
<i>Non-current assets</i>		
Deposits	602,592	429,738
	<u>3,077,310</u>	<u>4,238,025</u>

## Note 8. Intangible assets

	Consolidated	
	2024	2023
	\$	\$
<i>Non-current assets</i>		
Intellectual property, patents and copyright - at cost	6,840,691	5,384,521
Less: Accumulated amortisation	(2,620,226)	(1,550,103)
	<u>4,220,465</u>	<u>3,834,418</u>
Intellectual property in progress - at cost	258,226	112,282
	<u>4,478,691</u>	<u>3,946,700</u>

## Note 9. Trade and other payables

	Consolidated	
	2024	2023
	\$	\$
<i>Current liabilities</i>		
Trade payables	4,048,408	4,761,430
Accrued expenses	1,378,325	1,594,273
Other payables	830,000	50,000
	<u>6,256,733</u>	<u>6,405,703</u>

## Note 10. Borrowings

	Consolidated	
	2024	2023
	\$	\$
<i>Current liabilities</i>		
Insurance premium funding	22,611	25,313
Other borrowings	201,895	2,043,782
	<u>224,506</u>	<u>2,069,095</u>
<i>Non-current liabilities</i>		
Convertible notes	1,777,895	-
Converting loan - host liability	538,702	-
Converting loan - embedded derivative	470,588	-
	<u>2,787,185</u>	<u>-</u>
	<u>3,011,691</u>	<u>2,069,095</u>

## Note 11. Issued capital

	Consolidated			
	2024	2023	2024	2023
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>326,520,782</u>	<u>204,719,828</u>	<u>29,046,310</u>	<u>24,127,410</u>



## Note 11. Issued capital (continued)

### Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 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	204,719,828		24,127,410
Issue of Placement shares	1 November 2023	18,777,784	\$0.045	845,000
Issue of shares under the Employee Incentive Share Plan	1 November 2023	2,024,292	\$0.04	80,972
Issue of Placement shares	1 December 2023	3,000,001	\$0.045	135,000
Issue of shares under Entitlement Offer	23 January 2024	27,534,831	\$0.04	1,101,393
Issue of Placement shares	12 February 2024	42,183,625	\$0.0403	1,700,000
Issue of shares as consideration for services	2 April 2024	3,853,046	\$0.0649	250,000
Issue of shortfall shares under Entitlement Offer	3 April 2024	6,555,000	\$0.04	262,200
Issue of shortfall shares under Entitlement Offer	16 April 2024	3,997,375	\$0.04	159,895
Issue of Placement shares	4 June 2024	8,750,000	\$0.04	350,000
Issue of Placement shares	13 June 2024	5,125,000	\$0.04	205,000
Share issue transaction costs		-	-	(170,560)
Balance	30 June 2024	<u>326,520,782</u>		<u>29,046,310</u>

## Note 12. 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	
		2024 %	2023 %
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 13. Events after the reporting period

Subsequent to financial year end, the Company successfully completed capital raising of \$0.9 million (before costs) through Placements.

### Note 13. Events after the reporting period (continued)

On 5 August 2024, X2M announced the signing of a Term Sheet with Dicode Technologies LLC for a license to use X2M's 'Vision by X2M' utility solution in the Middle East for 10 years. The Term Sheet agreement with Dicode is material to X2M as it establishes a key strategic partner and customer for X2M.

On 19 August 2024, X2M launched a \$2.0 million non-renounceable 1 for 7 Entitlement Offer of approximately 50 million New Shares at an issue price of \$0.04 per New Share. Proceeds of the offer will be used to fund scaling up business development in Australia, market entry into the Middle East and India, renewable energy platform customisation, customer support and ongoing operations. The closing date and time for acceptance and payments is 5.00pm AEST on 11 September 2024.

No other matter or circumstance has arisen since 30 June 2024 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 14. Earnings per share

	Consolidated	
	2024	2023
	\$	\$
Loss after income tax attributable to the owners of X2M Connect Limited	<u>(6,512,880)</u>	<u>(6,514,079)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>252,386,095</u>	<u>184,061,197</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>252,386,095</u>	<u>184,061,197</u>
	Cents	Cents
Basic earnings per share	(2.58)	(3.54)
Diluted earnings per share	(2.58)	(3.54)