

PRE-QUOTATION DISCLOSURE - STATEMENT OF CONFIRMATIONS

22nd September 2021

X2M Connect Limited (ACN 637 951 154) (**Company**) provides the following confirmations to satisfy conditions for the instatement of the Company's securities to quotation on ASX.

Capitalised terms used in this announcement have the meaning given in the Company's replacement prospectus dated 24 August 2021 (**Prospectus**).

Completion of Offers

The Company confirms that all of the Offers under the Prospectus have been closed and the Company has issued:

- (a) 32,000,000 Shares to raise \$8,000,000 under the Public Offer;
- (b) 5,408,029 Options (each exercisable at \$0.3575 on or before 13 September 2025) to employees and directors of the Company (or their nominees) under the Employee Options Offer; and
- (c) 9,559,588 Options (each exercisable at \$0.3575 on or before 13 September 2025) to Mohan Jesudason (Chief Executive Officer) and Keith Jelley (Chief Operating Officer and Joint Company Secretary) (or their nominees) under the Executive Options Offer.

The Company notes that 135,000 Options were not subscribed for or issued under the Employee Options Offer.

Issue of securities

In addition to the securities issued pursuant to the Offers, the Company has also issued:

- (a) 1,646,154 Options exercisable at \$0.25 each on or before 13 September 2024; and
- (b) 1,646,154 Options exercisable at \$0.3125 each on or before 13 September 2024,

to Bell Potter in consideration for the services that it provided to the Company in its role as Lead Manager.

Statement of Capital Structure

The capital structure of the Company is set out below.

Shares ¹	Options ²
140,101,536	27,671,208

Notes:

1. The full terms and conditions of the Shares are set out in section 11.2 of the Prospectus.
2. The full terms and conditions of the Options are set out in sections 11.3 to 11.5 of the Prospectus.

Restricted Securities

The Company confirms that following instatement to quotation of the Company's securities on the ASX, the following securities will be subject to restriction pursuant to the ASX Listing Rules for the period outlined below.

Class	Number	Restriction Period
Fully Paid Ordinary Shares	45,669,261	24 months from date of quotation
Fully Paid Ordinary Shares	23,741,922	12 months from the date of issue
Options ¹	17,880,800	24 months from date of quotation
Options ²	7,437,587	12 months from the date of issue

Notes:

1. Comprising:
 - (a) 7,058,462 Options exercisable at \$0.25 each on or before 15 July 2025;
 - (b) 1,646,154 Options exercisable at \$0.25 each on or before 13 September 2024;
 - (c) 1,646,154 Options exercisable at \$0.3125 each on or before 13 September 2024; and
 - (d) 7,530,030 Options exercisable at \$0.3575 each on or before 13 September 2025.
2. Exercisable at \$0.3575 each on or before 13 September 2025.

Voluntary escrow

17,033,441 Shares held by a number of substantial shareholders of the Company will be subject to voluntary escrow until 28 February 2022. For the avoidance of doubt, none of these Shares are subject to ASX escrow.

17,747,156 Shares held by employees of the Company (including, key management personnel and the Directors) will be subject to voluntary escrow until the date that is three years from the date of issue of those Shares (**Employee Voluntary Escrow Shares**).

The Company notes that the Employee Voluntary Escrow Shares held by related parties or promoters of the Company are also subject to ASX escrow for a period of two years from the date of Official Quotation (and so have been included in the restricted securities figures stated above).

Use of Funds

The Company intends to apply funds raised from the Public Offer, together with existing cash reserves post-admission, over the first two years following admission of the Company to the Official List of ASX as follows:

Funds available	\$	Percentage of Funds (%)
Existing cash reserves ¹	1,700,000	17.5
Funds raised from the Public Offer	8,000,000	82.5
Total	9,700,000	100
Allocation of funds	\$	
Customer acquisition ²	1,300,000	13.4
Customer support ³	1,200,000	12.4
Development, IT services and intellectual property costs ⁴	1,500,000	15.5
Licensing and geographic expansion ⁵	1,700,000	17.5
Mergers and acquisitions review ⁶	300,000	3.1
Administration ⁷	1,750,000	18.0

X2M Connect Limited

Australian Business Number (ABN): 48 637 951 154

Level 3, 549 Blackburn Rd, Mount Waverley VIC 3149

Tel: 1800 926 926 enquiry@x2mconnect.com www.x2mconnect.com

Funds available	\$	Percentage of Funds (%)
Working capital	1,100,000	11.3
Expenses of the Public Offer ⁸	850,000	8.8
Total	9,700,000	100

Notes:

1. Refer to the Financial Information set out in Section 7 of the Prospectus for further details. The Company intends to apply these funds towards the purposes set out in this table, including the payment of the expenses of the Public Offer of which various amounts will be payable prior to completion of the Public Offer.
2. Costs include those related to sales staff, marketing and customer events plus a proportion of the Managing Director costs in each jurisdiction.
3. Costs include customer relationship management, in country technical support and operations management, customer project management and supplier management plus a proportion of the Managing Director costs in each jurisdiction.
4. Costs include development staff and resources (software development and maintenance resources), IT costs for corporate and development infrastructure services and patent renewal/registration costs. In particular, the Company notes that whilst the Company's technology is substantially complete, further developments will be required to deliver additional features to the Company's IoT platform as and when requested by customers, developments and new features will also be implemented to the extent the Company determines such features will increase the market for, and user experience of the platform. In addition, platform enhancements required to improve the overall security of the solution will also be required to keep pace with technology advances, as will developments to maintain the Company's technology at optimum working level (such as repairing bugs identified by customers or staff, maintaining appropriate patch levels and revisions of the software components and addressing support requests from the sales and support staff).
5. Costs include establishing dedicated licensing roles, targeting new licensing deals and the initial office setup, any required product approvals and marketing costs in new jurisdictions selected by the Company. The Company estimates that the costs associated with initial entry into a new jurisdiction is approximately \$0.25m per jurisdiction in the first 12 months from commencement (assuming the Company's due diligence investigations are satisfactory and confirm the ability of the Company to satisfactorily operate in that jurisdiction). These estimated costs are based on the Company's management's previous experience and direct knowledge entering the existing foreign markets. The Company notes that it does not intend on entering all four target jurisdictions in the two-year period post-listing and that expansion will be governed by the amount raised under the Public Offer. Please refer to the proposed timeline of expansion in Section 6.3(b) of the Prospectus for further detail. The balance of the allocated funds will be used for costs associated with licensing.
6. Funds to be used in connection with investigations into mergers and acquisitions.
7. Administration costs include the general costs associated with the management and operation of the Company's business including administration expenses, rent, management remuneration (including salaries and bonuses), Directors' fees, taxation payments pursuant to the Company's PAYG payment plan and other associated costs.
8. Total expenses of the Public Offer including Lead Manager fees, legal, accounting and administrative fees, as well as printing, advertising and other miscellaneous expenses, rounded to the nearest \$50,000.

Bookbuild

The Company confirms that:

- (a) 32,000,000 Shares were allocated under funds that were raised under a bookbuild (**Bookbuild**) at the issue price of \$0.25 per Share;

- (b) the following substantial shareholders of the Company took up securities under the Bookbuild:
 - (i) Mazzara Succession Pty Ltd ATF Mazzara A/C - 523,600 Shares;
 - (ii) Perle Ventures Pty Ltd ATF PV Investments 3 A/C - 836,400 Shares; and
 - (iii) Super Properties Pty Ltd ATF Shayne Smyth A/C - 481,440 Shares;
- (c) the Company did not enter into any arrangements with or pay any fees to allottees of the Bookbuild that resulted those allottees to receive a material benefit for agreeing to participate in the Bookbuild; and
- (d) the Company did not enter into any arrangements with associates of the Company or the bookrunner to avoid a shortfall, or the appearance of a shortfall, in the Bookbuild.

Asset Sale Agreement

The Company confirms that the following obligations of the Company and Freestyle Technology Limited (**Freestyle**) have occurred:

- (a) under the Asset Sale Agreement dated 26 February 2020; and
- (b) as set out at page 126 of Prospectus have occurred (without waiver).

As outlined in the Prospectus, Freestyle agreed to sell certain assets to the Company and novate certain contracts to the Company under the Asset Sale Agreement.

Whilst the sale under the Asset Sale Agreement has completed, as disclosed in the Prospectus, transferring legal title to 32 patents (outside of Australia, New Zealand and South Korea) and eight trademarks is yet to be completed. These patents and trademarks, whilst beneficially owned by the Company, remain titled in Freestyle's name.

The Company can and will continue to operate its business without legal title to these patents and trademarks. Whilst the Company sees value in the intellectual property acquired from Freestyle, it does not need these patents to run its business.

Of the patents and trademarks that are beneficially owned by the Company but remain registered in Freestyle's name, the Company is of the view that there is limited commercial benefit in transferring the legal title to these patents and trademarks in the immediate future. As such, the

Company has not prioritised transferring legal title to the patents and the trademarks which remain titled in Freestyle's name but they may be transferred in due course.

The Company also notes that the transfer of title in intellectual property rights take time in the ordinary course of business in a foreign jurisdiction. This process has been exacerbated by the COVID-19 pandemic, which means it is extremely difficult to obtain original signatures and have documents notarised (both of which, are required to transfer legal title in a number of foreign jurisdictions).

The Company notes that despite legal title remaining registered as Freestyle, those patents and trademarks are beneficially owned by the Company and the Company is of the view that the



registered title will be transferred if and when required independent of the status of Freestyle liquidation.

This ASX Announcement has been authorised for release by the Board.

For further information contact:

Shareholder Enquiries

Automic Pty Ltd

hello@automic.com.au

+612 9698 5414

Media and Investor Relations

Mohan Jesudason

investor.relations@x2mconnect.com

1 800 926 926 (1 800 X2M X2M)

About X2M Connect Group

X2M Connect (X2M) is an early-stage global technology company with proprietary Internet of Things (IoT) technology that uses the internet to deliver productivity improvements, cost savings and improved public safety to enterprise and government customers. The technology connects devices over the internet and enables data exchange and the remote control of devices. Revenue is generated via the sale of hardware as well as monthly Software as a Service (SaaS) subscription services.

The Company's current focus is on servicing the utility sector in Asia-Pacific (APAC) and the Company has successfully established a number of government and enterprise customer relationships.

The business is head quartered in Melbourne, Australia and has trading subsidiaries in Japan, South Korea, Taiwan, and the recently established subsidiary in Beijing, China.

Further information on can be found on the Company's website www.x2mconnect.com.

X2M Connect Limited

Australian Business Number (ABN): 48 637 951 154

Level 3, 549 Blackburn Rd, Mount Waverley VIC 3149

Tel: 1800 926 926 enquiry@x2mconnect.com www.x2mconnect.com