

X2M CONNECT LIMITED

ACN 637 951 154

PROSPECTUS

For a non-renounceable accelerated institutional and retail entitlement issue of 1 Share for every 3 Shares held by those Eligible Shareholders registered at the Record Date at an issue price of \$0.085 per Share to raise up to approximately \$3,970,000 (based on the number of Shares on issue as at the date of this Prospectus), together with 1 New Option for every 2 Shares subscribed for and issued (**Offer**).

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered highly speculative.

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1. CORPORATE DIRECTORY

Directors

Hon. Alan Stockdale AO
Independent Chair

Damien Johnston
Non-Executive Director

Jodie Leonard
Non-Executive Director

John Stewart
Non-Executive Director

Company Secretary

Oliver Carton

Registered Office

Suite 1.01B, Building B
18-24 Ricketts Road
Mount Waverley VIC 3149

Telephone: 1800 926 926

Website: <https://x2mconnect.com/>
Email: enquiry@x2mconnect.com

ASX Code

X2M

Share Registry*

Automic Pty Ltd
Level 5, 126 Phillip Street
SYDNEY NSW 2000

Telephone: +61 2 9698 5414
Email: hello@automic.com.au

Auditor

Grant Thornton
5/727 Collins Street
Melbourne VIC 3008

Legal Advisers

Steinepreis Paganin
Level 4, 50 Market Street
Melbourne VIC 3000

Lead Manager

Bell Potter Securities Limited
(ACN 006 390 772) (AFSL No. 243480)
Level 29, 101 Collins Street
MELBOURNE VIC 3000

*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

2. TIMETABLE

Event	Date
Request for trading halt Announcement of Offer Lodgement of Appendix 3B with ASX Lodgement of Prospectus with ASIC and ASX	Before market open Monday, 25 July 2022
Institutional Offer opens	Monday, 25 July 2022
Announcement of results of Institutional Offer	Before market open Wednesday, 27 July 2022
Trading halt lifted Trading resumes on an ex-entitlement basis	Wednesday, 27 July 2022
Record Date for the Retail Offer	Wednesday, 27 July 2022 (5:00pm AEST)
Prospectus despatched to Shareholders Company announces the despatch has completed Opening Date for Retail Offer	Friday, 29 July 2022
Settlement of Institutional Offer	Friday, 29 July 2022
Issue of Shares under Institutional Offer and Lodgement of Appendix 2A	Monday, 1 August 2022 (no later than 12:00pm AEST)
Quotation of Shares issued under the Institutional Offer	Tuesday, 2 August 2022
Last day to extend Retail Offer closing date	Before 12:00pm (AEST) Friday, 12 August 2022
Closing Date of the Retail Offer	Wednesday, 17 August 2022 (5:00pm AEST)
Announcement of results of Retail Offer	Before 12:00pm (AEST) Friday, 19 August 2022
Issue of Shares under the Retail Offer and Options issued under the Entitlement Offer and Lodgement of Appendix 2A	Friday, 19 August 2022 (no later than 12:00pm AEST)
Quotation of Shares issued under the Retail Offer and New Options issued under the Entitlement Offer	Monday, 22 August 2022
Expected despatch of holding statements for retail holders	Tuesday, 23 August 2022

*All dates are indicative and subject to change. The Company reserves the right to alter this timetable at any time.

3. IMPORTANT NOTES

This Prospectus is dated 25 July 2022 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of this Prospectus should be considered highly speculative.

Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or a Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

In addition to the Offer, this Prospectus is also being issued to remove any secondary trading restrictions that may attach to Shares issued by the Company pursuant to the Institutional Offer in accordance with section 708A(11) of the Corporations Act.

3.1 Risk factors

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7 of this Prospectus. These risks, together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Securities in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

3.2 Target Market Determination

In accordance with the design and distribution obligations under the Corporations Act, the Company has determined the target market for the offer of the Options issued under this Prospectus. The Company and the Lead Manager will only distribute this Prospectus to those investors who fall within the target market determination (**TMD**) as set out on the Company's website (<https://x2mconnect.com/>). By making an application under the Offer, you warrant that you have read and understood the TMD and that you fall within the target market set out in the TMD.

3.3 Forward-Looking Statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets'; 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 7 of this Prospectus.

3.4 Taxation implications

The Directors do not consider it appropriate to give Shareholder's advice regarding the taxation consequences of applying for Securities under this Prospectus. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with applying for Securities under this Prospectus.

3.5 Website – Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company (<https://x2mconnect.com/>). If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian or New Zealand resident and must only access this Prospectus from within Australia and New Zealand.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus, or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

3.6 Website

No document or information included on the Company's website is incorporated by reference into this Prospectus.

3.7 Disclaimer

No person is authorised to give information or to make any representation in connection with the offers described in this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offers. You should rely only on information in this Prospectus.

3.8 Investment Advice

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for securities under this Prospectus.

4. DETAILS OF THE OFFER

4.1 Background to the Offer

As announced on 25 July 2022, the Company is undertaking a capital raising to raise up to \$3,970,000 via an accelerated non-renounceable entitlement offer of approximately 46,700,512 Shares at an issue price of \$0.085 per Share, together with 1 free-attaching Option (exercisable at \$0.16 each on or before 31 August 2024) for every 2 Shares issued.

4.2 The Offer

The Offer is for an accelerated non-renounceable entitlement offer of approximately 46,700,512 Shares at an issue price of \$0.085 per Share, on the basis of 1 Share for every 3 Shares held by Eligible Shareholders as at the Record Date, together with 1 New Option for every 2 Shares subscribed for and issued, exercisable at \$0.16 each on or before 31 August 2024. Fractional entitlements will be rounded up to the nearest whole number.

The Offer has two components:

- (a) an accelerated offer to Eligible Institutional Shareholders, expected to comprise the issue of approximately 5,882,353 Shares and 2,941,176 free-attaching Options to raise approximately \$500,000 and which is due to settle on 29 July 2022 (**Institutional Offer**); and
- (b) an offer to Eligible Retail Shareholders, expected to comprise the issue of approximately 40,818,159 Shares and 20,409,080 free-attaching Options to raise up to approximately \$3,470,000 (**Retail Offer**).

Both the Institutional Offer and the Retail Offer are non-renounceable. Accordingly, Entitlements cannot be traded on the ASX, nor can they be sold, transferred or otherwise disposed of.

Based on the capital structure of the Company as at the date of this Prospectus (and assuming no existing Options or Performance Rights are exercised prior to the Record Date), a maximum of approximately 46,700,512 Shares and 23,350,256 New Options will be issued pursuant to the Offer to raise up to approximately \$3,970,000 (before costs of the Offer).

As at the date of this Prospectus the Company has 31,300,860 Options on issue all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to Section 5.4 of this Prospectus for information on the exercise price and expiry date of the Options on issue.

As at the date of this Prospectus the Company has 1,226,970 Performance Rights on issue which remain subject to vesting conditions and as such, cannot be exercised prior to the Record Date in order to participate in the Offer. Please refer to Section 5.4 of this Prospectus for information on the Performance Rights on issue.

All of the Shares offered under the Offer will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6.1 for further information regarding the rights and liabilities attaching to the Shares.

All of the New Options offered under the Offer will be issued on the terms and conditions set out in Section 6.2 of this Prospectus.

All Shares issued on conversion of the New Options will rank equally with the Shares on issue at the date of this Prospectus.

The purpose of the Offer and the intended use of funds raised under the Offer are set out in Section 5 of this Prospectus.

4.3 Institutional Offer

The Institutional Offer will be conducted over a two-day period. During the Institutional Offer period, Eligible Institutional Shareholders, will be invited to participate in the Institutional Offer and will be afforded the opportunity to subscribe for all or a portion of their full Entitlement under the Institutional Offer, at the price of \$0.085 per Share (**Offer Price**).

Eligible Institutional Shareholders will also receive one free attaching New Option for every two Shares subscribed for and issued pursuant to the Institutional Offer.

Unless otherwise agreed by the Company, any Eligible Institutional Shareholder that does not confirm their acceptance of the Institutional Offer by the close of the Institutional Offer will be deemed to have renounced all of their Entitlement and will not receive any value in respect of their Entitlement.

Shares equal in number to those Entitlements not taken up by Eligible Institutional Shareholders, together with any Shares attributable to Entitlements which would otherwise have been offered to Ineligible Institutional Shareholders if they had been eligible to participate in the Institutional Offer, will also be offered for subscription to Eligible Institutional Shareholders and selected institutional investors through a volume bookbuild process over the Institutional Offer period at the Offer Price.

All participants under the Institutional Offer will pay the same price for all of the Shares they subscribe for (being the Offer Price).

4.4 Retail Offer

Eligible Retail Shareholders are invited to participate in the Retail Offer under the Prospectus, on the same terms as the Institutional Offer.

Eligible Retail Shareholders who wish to acquire Shares and New Options under the Retail Offer will need to complete a BPay® or EFT payment using the reference number on their personalised Entitlement and Acceptance Form that will be mailed to them accompanying a copy of the Prospectus.

4.5 Minimum subscription

There is no minimum subscription to the Offer.

4.6 Your choices as an Eligible Retail Shareholder

Eligible Retail Shareholders may do any of the following:

- (a) take up their full Entitlement under the Offer;
- (b) take up their full Entitlement under the Offer and apply for Shortfall;
- (c) partially take up their Entitlement and allow the balance to lapse; or
- (d) decline to take up their Entitlement by taking no action.

4.7 Acceptance

If you are an Eligible Retail Shareholder and you wish to take up all or part of your Entitlement, your acceptance of the Offer must be made by making a payment by BPay® or EFT using the personal reference number on the Entitlement and Acceptance Form accompanying this Prospectus so that the payment is received prior to the Closing Date of the Offer. Your acceptance must not exceed your Entitlement as shown on that form, unless you intend to apply for additional Shares under the Shortfall Offer (refer to Section 4.13 for further information), in which case the additional Shares applied for will be deemed to be an application for Shares under the Shortfall Offer.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
 - (i) complete the Entitlement and Acceptance Form (form not required if payment made by BPAY® or EFT); and
 - (ii) by completing a BPAY® or EFT payment in Australian currency, for the amount indicated on and in accordance with the instructions referred to on the Entitlement and Acceptance Form and in this Prospectus; and
- (b) if you wish to apply for **additional** shares after accepting your full Entitlement in accordance with Section 4.7(a), then:
 - (i) fill in the number of additional Shares you wish to apply for in the space provided on the Entitlement and Acceptance Form (form not required if payment made by BPAY® or EFT); and
 - (ii) complete a BPAY® or EFT payment in Australian currency for the appropriate Application Monies and in accordance with the instructions referred to on the Entitlement and Acceptance Form and in this Prospectus; or
- (c) if you only wish to accept **part** of your Entitlement:
 - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form (form not required if payment made by BPAY® or EFT); and
 - (ii) complete a BPAY® or EFT payment in Australian currency, for the appropriate Application Monies and in accordance with the instructions referred to on the Entitlement and Acceptance Form and in this Prospectus; or
- (d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

4.8 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form and quote your personalised reference number that has been provided on the personalised Application Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Application Monies.

4.9 Payment by EFT

For payment by EFT, please follow the instructions on the Entitlement and Acceptance Form and quote your personalised reference number that has been provided on the personalised Application Form. Please note that should you choose to pay by EFT:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® or EFT payment is received by the share registry by no later than 5:00 pm (AEST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any Application Monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any Application Monies received or refunded.

4.10 Implications of an acceptance

Paying any Application Monies by BPAY® or EFT will be taken to constitute a representation by you that:

- (a) you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety; and
- (b) you acknowledge that once an Entitlement and Acceptance Form is returned, or a BPAY® or EFT payment instruction is given in relation to any Application Monies, the application may not be varied or withdrawn except as required by law.

4.11 Underwriting and sub-underwriting

The Offer is not underwritten.

4.12 Effect on control of the Company

No Shareholder will, as a result of the Offer, increase their relevant interest in the Company to above 20%.

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 25% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the

dilution may impact Shareholders (assuming no Options or Performance Rights exercised, and no additional Shares are issued) is set out in the table below:

Holder	Holding as at Record Date	% at Record Date (undiluted)	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer (undiluted)
Shareholder 1	50,000,000	35.69%	16,666,667	50,000,000	26.77%
Shareholder 2	25,000,000	17.84%	8,333,334	25,000,000	13.38%
Shareholder 3	10,000,000	7.14%	3,333,334	10,000,000	5.35%
Shareholder 4	1,000,000	0.71%	333,334	1,000,000	0.54%
Shareholder 5	100,000	0.07%	33,334	100,000	0.05%

Notes:

- The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

4.13 Shortfall Offer

Any Entitlement not taken up pursuant to the Retail Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.085 being the price at which Shares have been offered under the Offer.

Shareholders who wish to subscribe for Shares and New Options above their Entitlement are invited to apply for additional Shares and New Options under the Shortfall Offer by completing the appropriate section on their Entitlement and Acceptance Form.

The allocation of the Shortfall Securities will be at the discretion of the Board. The Directors do not intend to refuse an application for Shortfall Securities from Eligible Shareholders other than if the Shortfall Offer is oversubscribed or where acceptance may result in a breach of the Corporations Act. If the number of Shortfall Securities applied for by Eligible Shareholders exceeds the total Shortfall, the Shortfall Securities will be allocated among applying Eligible Shareholders proportionally.

The Company notes that no Shares will be issued to an applicant under this Prospectus or via the Shortfall Offer if the issue of Shares would contravene the takeover prohibition in section 606 of the Corporations Act. Similarly, no Shares will be issued via the Shortfall Offer to any related parties of the Company.

4.14 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all Application Monies for the Securities within the time prescribed under the Corporations Act, without interest.

In addition, application for Official Quotation of the Options offered pursuant to this Prospectus will be made subject to the Company satisfying the quotation requirements of the ASX.

The fact that ASX may grant Official Quotation to the Securities is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

4.15 Issue of Securities

Securities issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Securities issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Securities issued is less than the number applied for, or where no issue is made, surplus Application Monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all Application Monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Securities issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Securities issued under the Shortfall Offer as soon as practicable after their issue.

4.16 Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Securities will not be issued to Shareholders with a registered address which is outside Australia and New Zealand.

New Zealand

The Securities are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Nominees and custodians

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any Shareholder resident outside Australia and New Zealand without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

4.17 Enquiries

Any questions concerning the Offer should be directed to Oliver Carton, Company Secretary, on 1800 926 926 or enquiry@x2mconnect.com.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$3,970,000 (before costs).

The funds raised from the Offer (assuming all Entitlements are accepted) are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription (\$m)	Percentage (%)
Funds Available			
1.	Institutional Offer	0.5	12.5
2.	Retail Offer	3.5	87.5
	Total	4.0	100.0
Allocation of funds¹			
1.	Increase Sales and Marketing	1.1	27.5
2.	Platform enhancements for Australian energy	0.9	22.5
3.	Hardware and prototypes	0.45	11.3
4.	Korea energy marketing	0.3	7.5
5.	Expenses of the Offer ²	0.325	8.1
6.	Administration	0.6	15.0
7.	Working Capital	0.325	8.1
	Total	4.0	100.0

Notes:

1. Indicative only.
2. Refer to Section 0 for further details.

The above tabled expenditures represent a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

5.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted and no Options or Performance Rights were exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by approximately \$3.645m (after deducting the estimated expenses of the Offer) immediately after completion of the Offer;

- (b) increase the number of Shares on issue from 140,101,536 as at the date of this Prospectus to approximately 186,802,048 Shares following completion of the Offer; and
- (c) increase the number of Options on issue from 31,300,860 as at the date of this Prospectus to 54,651,116 following completion of the Offer.

The Company confirms there will be no change to the number of Performance Rights on issue as a result of the Offer.

5.3 Pro-forma statement of financial position

The reviewed balance sheet as at 31 December 2021 and the pro-forma balance sheet as at 31 March 2021 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

\$'000s	NOTES	X2M GROUP	X2M	ADJUSTMENT	PRO-FORMA
		31 December 2021	GROUP 31 MARCH 2022		
Assets					
Current Assets					
Cash and cash equivalents	1, 2, 3	5,121	2,241	4,699	6,940
Trade and other receivables		484	515		515
Contract assets		258	609		609
Inventories		67	172		172
Other assets	3	1,442	1,968	329	2,297
Total Current Assets		7,372	5,505	5,028	10,533
Non-Current Assets					
Property, plant and equipment and right-of-use assets		570	575		575
Intangible assets		2,574	2,858		2,858
Other assets		170	230		230
Total Non-Current Assets		3,314	3,663	-	3,663
Total assets		10,686	9,168	5,028	14,196
Liabilities					
Current Liabilities					
Trade and other payables		1,381	1,633	-	1,633
Contract liabilities	3	2,606	2,671	633	3,304
Borrowings	2	173	58	750	808
Lease liabilities		173	166	-	166
Employee benefits		741	689	-	689
Total Current Liabilities		5,074	5,217	1,383	6,600
Non-current liabilities					
Lease liabilities		378	376		376
Employee benefits		241	264		264
Total Non-Current Liabilities		619	640	-	640
Total Liabilities		5,693	5,857	1,383	7,240
Net Assets		4,993	3,311	3,645	6,956
Equity					
Issued capital	1	19,299	19,299	3,721	23,020
Reserves		1,859	1,971	-	1,971
Accumulated losses	1	(16,165)	(17,959)	(76)	(18,035)
Total equity		4,993	3,311	3,645	6,956

Notes to pro-forma adjustments

The following notes define the contemplated transactions and adjustments in this Prospectus which are to take place on or before the completion of the Offer and are presented as if they, together with the Offer, had occurred subsequent to 31 March 2022 and are set out below.

With the exception of the transactions noted below, no other material transactions have occurred between 31 March 2022 and the date of this Prospectus which the Directors consider require disclosure.

1. Offer: the issue of up to 46,700,512 Shares, at \$0.085 per Share, amounting to \$3.97 million. Total expenses associated with this Offer including Lead Manager fees, legal and administrative fees as well as printing, advertising

and other miscellaneous expenses are estimated to be \$0.33 million. \$0.25 million of the Offer costs are capitalised and the balance is expensed.

2. Research and Development (R&D) funding arrangement: the Company took out a R&D loan to the value of \$0.75 million, which will be repaid upon submission of FY22 Income Tax Return and receiving R&D refund.
3. Customer deposits for future deployments: the Company received \$0.6 million deposits from a customer for future deployments, of which \$0.3 million were spent to secure component parts.

5.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted, is set out below.

Shares

	Number
Shares currently on issue ¹	140,101,536
Shares to be issued pursuant to the Offer ²	46,700,512
Total Shares on issue after completion of the Offer	186,802,048

Notes:

1. Refer to Section 6.1 for a summary of the material terms and conditions of the Shares.
2. Expected to comprise approximately 5,882,353 Shares under the Institutional Offer and approximately 40,818,159 Shares under the Retail Offer.

Options

	Number
Options currently on issue:	
Unquoted Options exercisable at \$0.25 each, on or before 15 July 2025 ¹	9,411,283
Unquoted Options exercisable, subject to the satisfaction of vesting conditions, at \$0.3575 each on or before 13 September 2025 ²	5,408,029
Unquoted Options exercisable at \$0.3575 each on or before 13 September 2025 ³	9,559,588
Unquoted exercisable at \$0.25 each on or before 13 September 2024 ⁴	1,646,154
Unquoted exercisable at \$0.3125 each on or before 13 September 2024 ⁴	1,646,154
Unquoted Options exercisable, subject to satisfaction of vesting conditions, at \$0.50 each on or before 14 April 2027 ⁵	2,058,286
Unquoted Options exercisable, subject to satisfaction of vesting conditions, at \$0.50 each on or before 27 June 2027 ⁶	1,571,366
New Options offered pursuant to the Offer ⁷	23,350,256
Total Options on issue after completion of the Offers	54,651,116

Notes:

1. Refer to section 11.3 of the Company's prospectus dated 20 September 2021 (**IPO Prospectus**) for the terms and conditions of these Options.
2. Refer to section 11.4 of the IPO Prospectus for the terms and conditions of these Options (including the applicable vesting conditions).
3. Refer to section 11.4 of the IPO Prospectus for the terms and conditions of these Options.
4. Refer to section 11.5 of the IPO Prospectus for the terms and conditions of these Options.
5. Refer to the Company's Appendix 3G dated 19 April 2022 for further details regarding the terms and conditions of these Options.
6. Refer to the Company's Appendix 3G dated 6 July 2022 for further details regarding the terms and conditions of these Options.
7. Refer to Section 6.2 for the terms and conditions of the Options to be issued under the Offer.

Performance Rights

	Number
Performance Rights currently on issue ¹	1,226,970
Performance Rights to be issued pursuant to the Offer	Nil
Total Performance Rights on issue after completion of the Offer	1,226,970

Notes:

1. Refer to the Company's Appendix 3G dated 19 April 2022 for further details regarding the terms and conditions of these Performance Rights.

Please refer to the Company's Annual Report released to ASX on 1 October 2021 and subsequent ASX announcements dated 3 February 2022, 25 May 2022 and 13 June 2022 for details of the Securities on issue that are subject to escrow.

5.5 Details of substantial holders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	% (Undiluted)	Entitlement (Shares)	Entitlement (New Options)
Super Properties Pty Ltd <Shayne Smyth A/C>	29,056,621	20.7%	9,685,541	4,842,771
Mazzara Succession Pty Ltd ATF Mazzara Trust	17,260,015	12.32%	5,753,339	2,876,670
Bond Street Custodians Limited <Davkre – D08642 A/C>	11,689,623	8.34%	3,896,541	1,948,271
M&M Jesudason Co Pty Ltd <Jesudason Family A/C>	10,810,152	7.72%	3,603,384	1,801,692
Allegro Capital Nominees Pty Ltd <Allegro Capital A/C>	7,215,996	5.15%	2,405,332	1,202,666

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

No Shareholder will, as a result of the Offer, increase their relevant interest in the Company to above 20%.

6. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

6.1 Rights attaching to Shares

The following is a summary of the more significant rights and liabilities attaching to the Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, written notice of at least 28 days must be given specifying the intention to propose the resolution as a special resolution.

6.2 **Rights attaching to Options to be issued under the Offer**

(a) **Entitlement**

Each New Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each New Option will be \$0.16 (**Exercise Price**)

(c) **Expiry Date**

Each New Option will expire at 5:00 pm (AEST) on 31 August 2024 (**Expiry Date**). A New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The New Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The New Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the New Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each New Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each New Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the New Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the New Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a New Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the New Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options without exercising the New Options.

(k) **Change in exercise price**

A New Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the New Option can be exercised.

(l) **Transferability**

The New Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

(m) **Quotation**

The Company will apply to have the New Options quoted on the ASX.

7. RISK FACTORS

7.1 Introduction

The Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Company specific

(a) Going concern risk

The X2M Group consolidated financial statements for the FY2021 period were audited by Grant Thornton. The HY2022 period has been reviewed by Grant Thornton. An unqualified audit and review opinion (as the case may be) was issued for each of those periods but each included an emphasis of matter on material uncertainty around going concern.

Notwithstanding the 'going concern' qualification included in the reports for these periods, the Directors believe that upon the successful completion of the Offer, the Company will have sufficient funds to adequately meet the Company's current operational commitments and short-term working capital requirements. In the event that the Offer is not completed successfully there is significant uncertainty as to whether the Company can continue as a going concern, and which is likely to have a material adverse effect on the Company's activities.

(b) Potential for dilution

Upon implementation of the Offer, assuming all Entitlements are accepted, and no Options or Performance Rights are exercised prior to the Record Date, the number of Shares in the Company will increase from 140,101,536 currently on issue to 186,802,048. This means that each Share will represent a lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters. The last trading price of Shares on ASX prior to the prospectus being lodged is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

(c) **Product quality risks**

The Company is dependent on the effective performance, reliability and availability of its technology platforms, hardware, software, third party data centres and communication systems. Therefore, there is a risk that the infrastructure and technology solutions supplied by the Company to customers may not be functional, may be faulty, or not meet customers' expectations. This may lead to the Company being required to repair or improve its products after sale and or installation, which may diminish operating margins or lead to losses.

For those systems which the Company retains an ownership in and operates on behalf of the customer under long term agreements, or which the Company maintains under long term maintenance agreements, the Company may be made responsible if such systems are not functional or faulty. The Company may face claims from customers if its products do not meet standards that were contractually agreed upon.

(d) **Disruption of key business processes risk**

The Company's business model relies on the execution of several critical business processes, particularly to support servicing of customers and to process transactions on their behalf. Key business processes could be disrupted by events outside of the Company's control such as system infrastructure disruption, system failures, service outages, corruption of information technology network or information systems as a result of computer viruses, bugs, worms or cyber-attacks, as well as natural disasters, fire, power outages or other events outside the control of the Company, and those measures implemented by the Company to protect against such events are ineffective.

Any systemic failure could cause significant damage to the Company's reputation and its ability to process transactions for customers. Such systemic failure could also impact the Company's ability to retain existing, and generate new customers, any of which could have a material adverse impact on the Company's business, operating and financial performance, and/or growth.

(e) **Price risks**

The price of the Company's products may be too high compared to other products, in particular within emerging markets and the APAC region where the Company operates in, where there is a high price pressure. This may lead to difficulties in the market acceptance for the Company's products, as customers may switch to cheaper products, which may require the Company to decrease prices. As a result, there could be lower operating margins.

(f) **Supplier and manufacturing risks**

The Company sources certain key components for its devices from third party suppliers and outsources manufacturing of products to third parties.

The delivery of such components may be delayed, or a specific supplier may not be able to deliver at all, which may lead to a longer sales cycle or may force the Company to shift to another supplier. There is a risk that the Company could be disrupted if no alternative suppliers were able to be sought. There is a current global shortage of certain critical components which increases the magnitude and likelihood of this risk. There is a risk that key components provided by third party suppliers may be defective. The Company's products may be subject to product quality risks. The products supplied by the Company may not be functional or not meet customer's expectations. This may lead to requirements for the Company to improve or refine its products, which may diminish operating margins or lead to losses.

(g) Contract non-renewal risk and key customers

The Company's contracts with customers are generally long term contracts of several years. Further the nature of the Company's business means it contracts with relatively few but large customers. There is a risk that when these large customers reach the end of their service contracts, they will not renew the term of their contract which may materially impact the Company's expected revenue.

(h) New markets

Whilst the Company is of the view that the 2020 Foreign Investment Negative List (Negative List) does not apply to the existing operations in China, the Negative List may be expanded to capture the Company's activities, at which time, any expansion into China would be adversely impacted.

(i) Competition risk

The utility industry in which the Company operates is subject to competition. Current or future competitors may come up with new, better or cheaper products and solutions. The Company's competitors include both small and medium enterprises and large, established corporations or multinationals. Those may decide to enter the Company's target markets and be able to fund aggressive marketing strategies. They may also have stronger financial capabilities than the Company which may negatively affect the operating and financial performance of the business.

Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's business.

(j) Cyber security and protections

Given the nature of the Company's Software as a Service business, the Company collects and holds some personal information about its customers and their end customers in Japan, South Korea and Taiwan.

Notwithstanding that the Company has currently adopted a number of policies and procedures regarding information security protection, the Company's systems, or those of its third party providers, may fail, or be subject to disruption as a result of external threats or system errors. Cyber-attacks could also compromise or breach the safeguards implemented by the Company to maintain confidentiality in such information.

The Company obtained ISO 27001:2013 certification (which covers all existing jurisdictions other than China) and is currently in the process of certification for its Beijing entity. As part of the certification process, the Company is subject to an annual audit by an independent third party, which involves a review of the Company's cybersecurity and data protection measures. However, certification and an annual audit process does not offer the Company absolute protection against cyber-attacks.

(k) Legal proceedings

Legal proceedings may arise from time to time in the course of the business of the Company including enforcing or defending its intellectual property rights against infringement and unauthorised use by the competitors or in relation to a contract dispute. As at the date of this Prospectus, there are no legal proceedings affecting the Company and the Directors are not aware of any other legal proceedings pending or threatened against or affecting the Company except as detailed below.

The Directors advise Shareholders that legal proceedings were commenced against Freestyle (the vendor who sold the Company its assets through a liquidation sale) in May 2019. Subsequently, the plaintiffs in those proceedings joined the Company to the proceedings as a defendant (refer to the Company's ASX announcement dated 30 November 2021). As at the date of this Prospectus, those proceedings against X2M are temporarily stayed given the plaintiffs have failed to comply with Court orders to provide security for the Company's legal costs. If the stay is not lifted and the security not provided by 17 August 2022, the proceedings against the Company will be dismissed with costs. The next scheduled Court date is 2 September 2022.

On the assumption that the stay is lifted and the security for costs is provided, if the plaintiff's claims are ultimately successful (which the Company considers is very unlikely), the Company considers that the appropriate assessment of quantum is nil, and therefore the risk to the Company and Shareholders is immaterial. In compliance with its continuous disclosure obligations, the Company will continue to update the market with regards to the Freestyle legal proceedings.

The Directors' view, based on advice, is that the Company has a strong prospect of defending the proposed claims and that the plaintiffs have not suffered any relevant loss in any event.

(l) Additional requirements for capital

The Company is targeting to grow revenue at a greater rate than expenses. However, there is a risk that expenses cannot be contained to the expected level and will exceed management expectations. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(m) COVID-19 risk

The outbreak of the coronavirus disease (COVID-19) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any government or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company.

In compliance with its continuous disclosure obligations, the Company will continue to update the market with regard to the impact of COVID-19 on its revenue channels and any adverse impact on the Company. If any of these impacts appear material prior to close of the Offers, the Company will notify investors under a supplementary prospectus.

(n) Intellectual property risk

The Company has a patent portfolio of over 60 patents, which are largely built around remote programming and control of devices, autonomous decentralised logic, remote communication with devices and information transfer between machines over multiple service providers. The Company relies on laws relating to patents to assist to protect its proprietary rights.

The success of the Company's technology depends largely on the ability of the Company to protect its intellectual property rights (including, the underlying know how) while not infringing the proprietary rights of others. Many of its inventions are protected based on a strategy of securing the underlying trade secrets – which are remote programming and control of devices, autonomous decentralised logic, remote communication with devices and information transfer between machines over multiple service providers.

There is a risk that unauthorised use or copying of the Company's software, data or platforms will occur. If the Company fails to protect its intellectual property, know-how or trade secrets, competitors may gain access to its proprietary information which could harm the Company's businesses.

There is a risk that the Company will be unable to register or otherwise protect new intellectual property it develops in the future. Competitors may be able to work around any of the applications or other intellectual property rights used by the Company, or independently develop technologies or competing products that are not covered by the Company's intellectual property rights. Further, there is no assurance that others will not be able to copy the technology. This may materially adversely impact the Company's revenue, legal expenses and profitability.

If the Company believes its intellectual property rights have been infringed, it may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of the Company's rights. Any litigation, whether or not it is successful, could result in significant expense to the Company and divert the efforts of its personnel.

(o) **Personal information collation risk**

The Company collects, stores and processes highly sensitive, highly regulated and confidential information. The provision of secure and reliable information storage and processing services is integral to the businesses and operations of the Company in the utility management industry. While the Company has in place strict policies and procedures when collecting data, if the Company's systems or data is compromised for any reason there is a risk that the Company may become involved in legal action due to breaching data confidentiality agreements.

(p) **Sales cycle**

It takes considerable time for the Company's customers to evaluate, test and make a final decision about the purchase of its technology solution. The Company mainly deals with large corporations and municipal organisations, which are subject to certain formal administrative procedures and requirements which increase the time required for approval of a transaction and or sale.

(q) **Legal title to intellectual property risk**

On 26 February 2020, the Company, Freestyle and liquidators of Freestyle entered into an asset sale agreement (**Asset Sale Agreement**) under which Freestyle agreed to sell certain assets to the Company and novate certain contracts to the Company.

Whilst completion of the sale under the Asset Sale Agreement occurred on 26 February 2020, there has been a delay in transferring legal title to some of the assets to the Company, specifically, a number of patents. If the intellectual property rights of the Company are infringed before the intellectual property is registered in the Company's name, the Company may have limited recourse to enforce its legal and beneficial rights to the intellectual property, which may have an adverse effect on the Company and its operations.

(r) **South Korean lease**

The Company, via its wholly owned South Korean subsidiary Freestyle Technology Co., Ltd, has leased part of a building located in the Seoul Digital National Industrial Complex for use as its head office.

Whilst the Company has entered into a lease for the office, at the date of this Prospectus, the Company has not entered into an occupancy agreement with the relevant management agency of the industrial complex.

Under the South Korean Industrial Cluster Development and Factory Establishment Act (South Korean Act), a company that wishes to lease part of a building located in an industrial complex is required to execute an occupancy agreement with the management agency of the industrial complex. The Company is in the process of entering into an occupancy agreement as required under the South Korean Act. Until such time as the process is completed, there is a risk that the Company may be sanctioned for failing to have the occupancy agreement in place in accordance with applicable laws.

(s) Asset Sale Agreement risk

The Company and Freestyle have entered into the Asset Sale Agreement under which completion occurred on 26 February 2020. Notwithstanding completion occurring, as at the date of this Prospectus, the transfer of legal title to certain assets acquired under the Asset Sale Agreement from Freestyle to the Company including a number of patents has not been completed. As such, until such time as the Company is recorded as legal owner of those assets, the Company may have limited recourse to enforce its legal and beneficial rights to the assets. Furthermore, there are risks that other matters unknown at this time may arise related to the Asset Sale Agreement.

(t) Ukraine Conflict

The current evolving conflict between Ukraine and Russia (**Ukraine Conflict**) is impacting global economic markets. The nature and extent of the effect of the Ukraine Conflict on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by the Ukraine Conflict.

The Directors are continuing to closely monitor the potential secondary and tertiary macroeconomic impacts of the unfolding events, including the changing pricing of commodity and energy markets and the potential of cyber activity impacting governments and businesses. Further, any governmental or industry measures taken in response to the Ukraine Conflict, including limitations on travel and changes to import/export restrictions and arrangements involving Russia, may adversely impact the Company's operations and are likely to be beyond the control of the Company. The Company is monitoring the situation closely and considers the impact of the Ukraine Conflict on the Company's business and financial performance to, at this stage, be limited. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain.

7.3 Industry specific

(a) Infrastructure and technology failure

The Company relies on its infrastructure and technology to provide its customers with a highly reliable service. There may be a failure to deliver this level of service as a result of numerous factors, including human error, power loss, equipment failure, improper maintenance including by landlords and security breaches. Service interruptions, regardless of their cause, may cause contractual and other losses to the Company.

(b) Technology risk

The Company's market involves rapidly evolving products and technological change. The Company cannot guarantee that it will be able to engage in research and development at the requisite levels. The Company cannot assure investors that it will successfully identify new technological opportunities and continue to have the needed financial resources to develop new products in a timely or cost-effective manner. At the same time, products, services and technologies developed by others may render the Company's products and services obsolete or non-competitive.

(c) Security risk

As with all technology companies, the Company is reliant on the security of its products and associated technologies. Breaches of security could impact customer satisfaction and confidence in its products, and some breaches, including cyber-attacks, could render the services and related products unavailable through a disrupted denial of service or other disruption. Unavailability of the Company's services could impact the Company's financial performance. Further, it could hinder the Company's ability to retain existing customers.

(d) Regulatory risk

The Company is subject to continuing regulation, including quality regulations applicable to the manufacture and operation of its devices and privacy regulations concerning personal identifying data. Whilst the Company currently meets the regulations applicable to its products and services, there can be no guarantee that the regulatory environment in which the Company operates may not change in the future which may impact on the Company's existing approvals and products. There is a risk that the Company may inadvertently breach a regulation despite the controls implemented to prevent this. There is a risk that a breach of or change in regulations may have a material impact on the Company's activities.

The Company intends to expand its operations into target jurisdictions in the short to medium term (including the Philippines, India and Vietnam). Further regulatory approvals may be required to expand into these jurisdictions including but not limited to safety, electromagnetic radiation and interference requirements and other product quality and safety standards specific to the target jurisdiction. However, as at the date of this Prospectus, the Company is not aware that any further regulatory approvals are required. If further regulatory approvals are required, the Company may not be able to obtain the necessary approvals and clearances in a timely fashion or may not be able to obtain the necessary approvals and clearances at all.

7.4 General risks

(a) Operational risks

While the Company implements measures and procedures to manage operational risk, the Company's profitability will continue to be subject to a variety of strategic and business decisions (including any future operational risks arising from inadequate or failed internal processes, people and systems, or external events) including:

- (i) fraud and other dishonest activities;
- (ii) workplace safety;
- (iii) compliance and regulatory risk;
- (iv) business continuity and crisis management;
- (v) key person and personnel risk;
- (vi) information systems integrity; and
- (vii) outsourcing risk.

(b) Contractual disputes

There are a number of risks associated with contracts or arrangements entered into by the Company, including the risk that those contracts or arrangements may contain unfavourable provisions, or be terminated, lost or impaired, or renewed on less favourable terms. There is a risk that the business could be disrupted in situations where there is a disagreement or dispute in relation to a term of the contract or arrangement. Should such a disagreement or dispute occur, this may have an adverse impact on the Company's operations and performance generally. It is not possible for the Company to predict or protect itself against all such risks.

Further, from time to time, as part of its Business, the Company has entered and will continue to enter into contracts which are governed by the laws of countries other than Australia. Should a contractual dispute result in court action or should the Company be required to enforce its rights, the procedure of the courts in the various foreign jurisdictions may be different to those in Australia.

(c) Future capital needs and additional funding

The future capital requirements of the Company will depend on many factors, including the pace and magnitude of its development of its business and sales. The Company believes that its available cash and the net proceeds of the Public Offer will be adequate to satisfy its anticipated current working capital and other capital requirements as set out in this Prospectus. Should the Company require additional funding, there can be no assurance that additional financing will be available on acceptable terms or at all.

Volatility in the financial markets could also have a material adverse effect on the Company's ability to equity or debt fund its business operations or future acquisitions. The Company's ability to raise additional funds will be subject to, among other things, factors beyond the control of the Company and its Directors, including cyclical factors affecting the economy and share markets generally. In addition, any deterioration in global financial markets could impact risk appetite among lending institutions which may impact the Company's ability to enter into new loan facilities or replace existing facilities. The Directors can give no assurance that future funds can be raised by the Company on favourable terms, if at all.

If the Company is unable to obtain additional funding as needed, or is unable to do so on acceptable terms, it may be required to reduce the scope of its operations and scale back its programs as the case may be, which may have a material adverse effect on the Company's business, financial condition and results of operations.

(d) Policies and legislation

Any material adverse changes in government policies or legislation of markets in which the Company's products are sold, or any other country that the Company has economic interests in, may affect the viability and profitability of the Company.

(e) Economic

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's development and expansion activities, as well as on its ability to fund those activities.

(f) Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and

(vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(g) **Taxation**

The acquisition and disposal of Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

(h) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(i) **Government policy changes**

Any material adverse changes in government policies or legislation of markets in which the Company's products are sold, or any other country that the Company has economic interests in, may affect the viability and profitability of the Company.

Further there is a risk that intervention by foreign governments in the affairs of current or potential customers of the Company may adversely affect current and future revenue.

(j) **Insurance**

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance of all risks associated with the Company's business may not always be available and where available the costs may be prohibitive.

Further there is a risk that any insurance claim by the Company may not be paid by the insurer due to default or other reasons.

(k) Force majeure

Events may occur within or outside Australia that could impact on the Australian economy, the global economy, the operations of the Company, the price of the Shares and the Company's ability to pay dividends. The events include but are not limited to acts of terrorism, an outbreak of war or other international hostilities, fires, floods, earthquakes, labour strikes, workplace relations disputes, civil wars, natural disasters, outbreaks of disease or other natural or manmade events or occurrences that could have an adverse effect on the demand for the Company's services and its ability to conduct its business. The Company has only a limited ability to insure against some of these risks.

(l) Negative publicity may adversely affect the Share price

Any negative publicity or announcement relating to any of the Company's substantial Shareholders, key personnel or activities may adversely affect the stock performance of the Company, whether or not this is justifiable. Examples of such negative publicity or announcements may include involvement in legal or insolvency proceedings, failed attempts in takeovers, joint ventures or other business transactions.

(m) Foreign currency and exchange rate risks

The Company conducts business in other jurisdictions and is therefore exposed to the effects of changes in currency exchange rates. Unhedged, unfavourable movements in foreign exchange rates may have an adverse effect of the Company's revenue and/or cost of operating and therefore affect the market price of the Shares.

7.5 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

8. ADDITIONAL INFORMATION

8.1 Litigation

Other than in respect of the Freestyle Technology Proceedings (refer to ASX Announcement dated 30 November 2021 and section 11.1 of the Company's Replacement Prospectus dated 24 August 2021) as at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

Regarding the Freestyle Technology Proceedings, those proceedings against the Company are temporarily stayed pending the plaintiff's payment of secured costs into the Court. If the secured costs are not paid by 17 August 2022, then the proceedings against the Company will be dismissed with costs. The next scheduled Court date is 2 September 2022.

8.2 Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a "transaction specific prospectus". In general terms a "transaction specific prospectus" is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;

- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
- (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the date of lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
19/07/22	Five new customers in South Korea
07/07/22	Secures new order from Bucheon City, South Korea
06/07/22	Change of Director's Interest Notice
06/07/22	Notification regarding unquoted securities - X2M
04/07/22	Trading Update
01/07/22	Application for quotation of securities - X2M
24/06/22	Repeat order from Okcheon, South Korea
20/06/22	New contracts in China and South Korea
15/06/22	Shares out of escrow
10/06/22	Application for quotation of securities - X2M
09/06/22	Change of Director's Interest Notice
01/06/22	New China and Taiwan orders
30/05/22	X2M enters Australian Energy Management Market
25/05/22	Release of shares from escrow
17/05/22	Three new contract wins in South Korea
29/04/22	Investor Presentation
28/04/22	Quarterly Activities/Appendix 4C Cash Flow Report
19/04/22	Notification regarding unquoted securities - X2M

Date	Description of Announcement
31/03/22	Secures two tender wins in South Korea
28/03/22	X2M continues to grow footprint in China
23/03/22	Investor Presentation
23/02/22	FY22 Half Year Results
23/02/22	Half Yearly Report and Accounts
21/02/21	Investor webinar
03/02/21	Shares out of escrow
28/01/21	Quarterly Activities/Appendix 4C Cash Flow Report
25/01/21	Gochang contract renewed
21/12/21	Letter to shareholders
20/12/21	X2M secures significant China contract
16/12/21	Details of Company Address
30/11/21	Freestyle Technology proceedings
29/11/21	Results of Meeting
29/11/21	AGM Presentation
29/11/21	Chairman's and CEO's Address to Shareholders
26/11/21	Job Keeper Notification
22/11/21	Investor presentation
19/11/21	Wins major Korean tender
01/11/21	K Water contracts signed
29/10/21	Notice of Annual General Meeting/ Proxy Form
27/10/21	Q1 Investor Presentation
27/10/21	Quarterly Activities/Appendix 4C Cash Flow Report
18/10/21	Tender wins in South Korea
11/10/21	AGM date
01/10/21	Becoming a substantial holder
01/10/21	Appendix 4G
01/10/21	Company Secretary Appointment/ Resignation
01/10/21	Annual Report to shareholders

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website, <https://x2mconnect.com/>.

8.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective most recent date of those sales were:

	(\$)	Date
Highest	\$0.14	26 April 2022 to 3 May 2022 6 May 2022 22 July 2022
Lowest	\$0.08	22 June 2022
Last	\$0.14	22 July 2022

8.4 Material contracts – Lead Manager Mandate

The Company has entered into a mandate letter Bell Potter Securities Limited (ACN 006 390 772) (AFSL No. 243480) (**Bell Potter**) pursuant to which it has engaged Bell Potter to act as lead manager to the Offer (**Mandate**). The material terms and conditions of which are summarised below:

Fees/Expenses	<p>Under the terms of the Mandate, the Company will pay Bell Potter:</p> <p>(a) a management fee of 6% of total funds raised under the Prospectus (plus GST); and</p> <p>(b) any reasonable disbursements and out of pocket expenses, including but not limited to marketing and communication costs, printing, courier and distribution.</p> <p>Bell Potter is to obtain the written consent of the Company, prior to incurring any individual expense (excluding legal fees) greater than \$2,000.</p> <p>The Company will reimburse Bell Potter for legal fees incurred in respect of the Mandate up to an amount of \$25,000.</p>
Termination	<p>The Mandate may be terminated with or without cause by either the Company or Bell Potter by giving 14 days' notice in writing to the other party.</p> <p>In the event of termination, provisions of the Mandate that are capable of having effect after expiry or termination (including but not limited to those relating to fees, expenses and indemnification) will survive and any rights accrued by a party prior to the date of expiry termination will continue.</p>
Right of First Refusal	<p>The Company agrees to offer Bell Potter the right of first refusal to act as lead manager in any equity capital raising undertaken by the Company within 12 months following completion of the Offer.</p>

The Mandate contains other terms and conditions considered standard for an agreement of its nature. This includes, but is not limited to, clauses in relation to termination, representations and warranties, indemnities and confidential information.

8.5 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Shares	Options	Entitlement (Shares)	Entitlement (New Options)	\$
Hon. Alan Stockdale AO ¹	576,541	144,135	192,181	96,091	16,335.39
Damien Johnston ²	288,271	72,068	96,091	48,046	8,167.74
Jodie Leonard ³	288,271	72,068	96,091	48,046	8,167.74
John Stewart ⁴	288,271	72,068	96,091	48,046	8,167.74

Notes:

1. Held by Dominique Fisher (spouse of Alan Stockdale).
2. Held by DA Johnston Investments Pty Ltd ATF Johnston Family Super Fund (an entity controlled by Damien Johnston).
3. Held by Tranquility Rose Pty Ltd ATF the J Leonard Super Fund (an entity controlled by Jodie Leonard).
4. Held by John Stewart ATF the JT & SI Stewart Family Trust (an entity controlled by John Stewart).

The Directors currently intend to take up all of their respective Entitlements.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$400,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total annual remuneration paid to both executive and non-executive Directors for the two years prior to the date of this Prospectus and the proposed remuneration for the years ended 30 June 2021 and 2022.

Director	Year ended 30 June 2023 ¹ (Proposed)	Year ended 30 June 2022 ³ (Actual)	Year ended 30 June 2021 ^{3,4} (Actual)	Year ended 30 June 2020 ^{3,4} (Actual)
Hon. Alan Stockdale AO	\$110,000	\$110,000	\$88,354 ⁵	Nil
Damien Johnston	\$60,228 ²	\$63,574 ^{2,6}	\$19,589	Nil
Jodie Leonard	\$60,228 ²	\$63,574 ^{2,6}	\$19,589	Nil
John Stewart	\$50,228	\$60,228 ⁶	\$19,589	Nil

Notes:

1. Estimated and includes superannuation but excludes any remuneration adjustments made during the period.
2. Includes full year or pro rata payments for role as Chair of a Board committee.
3. Includes superannuation.
4. The Directors were appointed on 8 February 2021 and therefore did not receive any remuneration for the year ended 30 June 2020. Remuneration for the year ending 30 June 2021 including superannuation is calculated pro rata from the Directors appointment on 8 February 2021.
5. Includes monthly consulting fees of \$7,575.75 ex GST paid from 1 August 2020 to 31 January 2021, totalling \$45,455.
6. Includes a one-off fee of \$10,000 for significant services during the listing of the Company.

8.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- (b) promoter of the Company,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (c) the formation or promotion of the Company;
- (a) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (b) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (c) the formation or promotion of the Company; or
- (d) the Offer.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$35,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has received fees totalling \$443,034 (excluding GST and disbursements) for legal services provided to the Company.

Bell Potter has acted as the Lead Manager to the Company in relation to the Offer. The fees payable by the Company for these services are set out above at 8.4 of this Prospectus. During the 24 months preceding lodgement of this Prospectus with the ASIC, Bell Potter has received fees totalling \$480,000 (excluding GST and disbursements) from the Company.

8.7 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Shares), the Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section;

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Bell Potter has given its written consent to being named as the Lead Manager to the Company in this Prospectus. Bell Potter has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Grant Thornton has given its written consent to being named as auditor to the Company in this Prospectus and to the inclusion of the audited financial information of the Company in Section 5.3. Grant Thornton has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.8 Expenses of the Offer

The total expenses of the Offer are estimated to be approximately \$325,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	3,206
ASX fees	25,000
Lead Manager fees	240,000
Legal fees	34,794
Printing and distribution	10,000
Miscellaneous	12,000
Total	325,000

8.9 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the relevant Application Form. If you have not, please phone the Company on 1800 926 926

and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at <https://x2mconnect.com/>.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8.10 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share or option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

8.11 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

9. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



**Hon. Alan Stockdale AO
Chairperson
For and on behalf of
X2M Connect Limited**

10. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

AEST means Australian Eastern Standard Time as observed in Melbourne, Victoria.

Applicant means a Shareholder who applies for Securities pursuant to the Offer or other party who applies for Shortfall Securities pursuant to the Shortfall Offer.

Application Monies means money submitted by Applicants in respect of the Offer.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Bell Potter or Lead Manager means Bell Potter Securities Limited (ACN 006 390 772) (AFSL No. 243480).

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus for the closure of the Retail Offer (unless extended).

Company means X2M Connect Limited (ACN 637 951 154).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

EFT means an electronic funds transfer made to the Company's bank account as notified on the Application Form.

Eligible Institutional Shareholder means a Shareholder who:

- (a) is an Institutional Investor on the commencement of the Institutional Offer, with a registered address in either Australia or New Zealand; and
- (b) has received an offer under the Institutional Offer (either directly or through a nominee).

Eligible Retail Shareholder means a Retail Shareholder of the Company on the Record Date whose registered address is in Australia or New Zealand and is eligible under all applicable securities laws to receive an offer under the Retail Offer.

Eligible Shareholder means a person who is an Eligible Institutional Shareholder or an Eligible Retail Shareholder.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer to subscribe for new Securities under this Prospectus.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Ineligible Institutional Shareholder means a Shareholder who is an Institutional Investor but is not an Eligible Institutional Shareholder.

Institutional Offer means the offer of Shares and New Options to Eligible Institutional Shareholders under the Entitlement Offer.

Institutional Investor means investors selected by the Company who are investors who fall within the exemptions provided by sections 708(8) to (12) of the Corporations Act.

New Option means an Option granted with the terms and conditions set out in Section 6.2.

Offer means the issue of Securities under this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Retail Offer means the offer of Shares and New Options to Eligible Retail Shareholders under the Entitlement Offer.

Retail Shareholder means a Shareholder of the Company on the Record Date who is not an Eligible Institutional Investor.

Section means a section of this Prospectus.

Securities means Shares and/or New Options (as applicable).

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Shortfall Application Form means the shortfall application form either attached to or accompanying this Prospectus, or which can be provided upon request.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 4.13.

Shortfall Securities means those Shares and New Options issued pursuant to the Shortfall Offer.