

# Xped Limited



## Quarterly Activities Report

Xped Limited (ASX: XPE) (“Xped” or “the Company”), the Internet of Things (“IoT”) Technology Company has today released its Quarterly Appendix 4C filing for the quarter.

### QUARTERLY HIGHLIGHTS

- **License Agreement with Lenze Technology**
- **Porting complete to Chipset Manufacturers**
- **Intel Smart Home Platform Integration**
- **\$10m Convertible note secured and SPP offer**
- **MOU Signed with Arcadyan**
- **Deployment of Customer Registration cloud service**
- **JCT Channel Partners appointed**
- **Functionality added to iCharger device with Xped App**
- **Further patents granted**
- **KS Orka Completes Sokoria Acquisition**

# Xped Limited



## LICENSE AGREEMENT SIGNED WITH LENZE

On the 24<sup>th</sup> January, Xped announced it had signed its first end customer licensing agreement with Shenzhen Lenze Technology Co LTD (“Lenze”) and their subsidiary Complex Semiconductor (HK) Co. LTD (“Complex”).

The Company has licensed its Auto Discovery Remote Control (“ADRC”) technologies to Lenze in return for a fee payable per active download of the Xped App.

Lenze will pay Xped a fee based on a per active download of Lenze or OEM branded versions of the Xped App from either Google Play or Apple app stores.

Under the terms of the agreement, Lenze and Complex have obtained a non-exclusive license to utilise Xped technologies in any of their products.

## MOU SIGNED WITH ARCADYAN

On the 12<sup>th</sup> January, the Company advised it had entered a Memorandum of Understanding (“MoU”) with Arcadyan Technology Corporation (“Arcadyan”). The MoU would result in both companies working together for the purpose of entering a binding agreement for the licensing of several Xped Technologies and to develop a complete end to end IoT solution for Arcadyan and for their customer base.

Following the execution of the MoU both parties will enter detailed exchange to verify Xped technologies integrate successfully with Arcadyan products ahead of official launch.

Xped hopes to reach a binding agreement with Arcadyan in Q2 2017.

## INTEL SMART HOME PLATFORM INTEGRATION

On the 22<sup>nd</sup> December, the Company announced it had completed porting of ADRC on Intel’s Smart Home Gateway. This followed the MOU entered with Intel in April allowing ADRC technology integration to Intel Smart Home Platforms. The Integration of ADRC components into Intel’s Smart Home Development Acceleration Platform allows more complete Smart Gateway solution, taking advantage of Intel’s efforts with OCF’s Iotivity solution, rules engine, and security components.

# Xped Limited



## PORTING COMPLETE TO CHIPSET MANUFACTURERS

On the 18th November, the Company announced it had completed porting of ADRC technologies to chipsets from both US listed chipset manufacturers who had previously entered MoUs with the Company. Xped would seek to identify the named parties at the appropriate time.

The Company also confirmed it was working to near completion of the porting of ADRC to Telink's 8269 SOC.

Following the successful porting the Company would enter discussions with clients of the chipset manufacturers, with the aim to reach licensing agreements.

## COMPLEX SEMICONDUCTOR ICHARGER

On the 15<sup>th</sup> December, the Company announced it had developed new functionality for the Xped App that provides control over Complex Semiconductor's iCharger device and supports iPhone and Android with language support for English and Chinese.

Complex Semiconductor designed the electronics and plastic housing for the product and the Company developed the custom plugin for the Xped App. The plugin enables the playback of music stored on a smartphone to be streamed over Bluetooth to the device which then broadcasts on an FM radio frequency. The device is very popular in mainland China, with the legacy version selling in many millions per month.

## ST MICRO

On the 12<sup>th</sup> December, the Company announced it had begun building samples of the first production ready ADRC and DiscoverBus enabled products ready for delivery to Vital Xense using ST Micro microprocessors.

On the 16th December, the Company announced it had ported its ADRC technology on the STM32 Microcontrollers using the STM32Cube development ecosystem. Given the robustness and feature set capabilities of the STM32 series, Xped will look to utilise these chipsets in a number of industrial applications for customers and partners.

# Xped Limited



## XPED APP UPDATE

On the 16th November 2016, the Company released an update regarding the Xped App confirming it was now available in both the Google Play Store for Android devices and the Apple App store for iOS devices.

The Company also indicated a Chinese language translation of the Xped App had been completed for both iOS and Android. The Chinese language interface is critical to the adoption of the technology within the Chinese market.

## \$10M CONVERTIBLE NOTE SECURED AND SPP

On the 9<sup>th</sup> November, the Company entered voluntary suspension following an initial trading halt in regards to a proposed capital raising. On the 16<sup>th</sup> November 2016, the Company announced it had secured \$10m premium to market convertible 3 year, 8.35% note along with a Share Purchase Plan ("SPP") up to \$7.5m priced at 3.3c with a 1:1 attaching option exercisable at 5c and expiring December 2018. The Company sought to have the option listed post regulatory and shareholder approval.

## OPEN CONNECTIVITY FOUNDATION

On 12th October, Xped announced it had been accepted as a Platinum member of the Open Connectivity Foundation ("OCF").

Xped attended the OCF Fall Members Meeting held in Taiwan during November and provided the opportunity for the Company to gain exposure following an upgrade to Platinum Member.

Chris Wood will lead the opportunity for Xped with the focus on Health Care and Smart Home after joining respective working groups for representation. Chris also recently attended CES 2017 in Las Vegas and exhibited alongside fellow OCF peers engaging with the audience.

# Xped Limited



## INVESTOR ROADSHOW PRESENTATION

On the 31<sup>st</sup> October 2016, the Company released an Investor Presentation to market.

The presentation was released ahead of a North American roadshow and outlined the strategy and expected timelines the Company was working towards over the next 12 months.

## CUSTOMER REGISTRATIONS CLOUD SERVICE

During the quarter the team deployed the Customer Registration cloud service on Microsoft Azure which integrates with the Xped App.

Progress continued to be made on the manufacturer Product Registration cloud service. This would allow product manufacturers to leverage the ADRC technology platform to enhance their consumer's experience, and capture valuable data.

## VITAL XENSE PRODUCTION SAMPLES

On the 12<sup>th</sup> December, Xped announced it had begun building production samples of ADRC and Discoverbus technologies for delivery to Vital Xense Pte Ltd ("Vital Xense").

The products were being built with the latest generation ST Micro microprocessors, allowing for ultra-low power battery based sensor systems that will run for several years without the need for battery replacement.

The products being delivered to Vital Xense will enable the monitoring of temperature, humidity, and door open/close, which are key aspects to in data centre efficiency.

# Xped Limited



## JCT HEALTHCARE UPDATE

On the 20<sup>th</sup> December, Xped announced its wholly owned subsidiary JCT will be expanding the supply of their innovative healthcare equipment and services into aged care.

JCT continues to expand its national presence and recently appointed 5 new channel partners. These partners will be responsible for promoting and distributing the latest Nurse Call range of products and solutions as JCT gears up for expansion.

JCT's revenue reported for the quarter ending 30 December was \$287,628.

## JCT TRANSACTION SATISFIED

During the quarter, the Company announced the two conditions related to secondary cash payment to the shareholder of JCT were met. Following the condition being satisfied and under the terms of the Sales and Purchase Agreement ("SPA"), Xped agreed to make the secondary cash payment of \$750,000

## FURTHER PATENTS GRANTED

On 16<sup>th</sup> November, Xped announced its Arrangement for Managing Wireless Communication Between Devices (ADRC) patent had been granted in Chile along with Arrangement for Remote Control Arrangement (XERTS).

## PROPOSED ACQUISITION OF CODIUM ENDS

On the 14<sup>th</sup> October, the Company entered a Term Sheet with the shareholders of Codium Pty Ltd ("Codium") to acquire 70% of the issued capital in Codium. Following completion of due diligence, Xped sought to amend terms of the transaction to allow it to proceed. The shareholders of Codium were unable to agree to these proposed amended terms and chose to withdraw from the transaction. Both parties were released from the obligation under the Term Sheet.

# Xped Limited



## CORPORATE WEBSITE

On 4<sup>th</sup> October, the Company launched its new corporate website at [www.xped.com](http://www.xped.com). The new website provides an improved platform and user experience for visitors to navigate and keep up to date on Company developments.

## ANNUAL GENERAL MEETING

Xped held its Annual General Meeting on 30<sup>th</sup> November 2016 in Adelaide and was well received by the audience.

The Company appreciated the opportunity to engage further with its shareholders during question time and post the meeting.

## EXTRAORDINARY GENERAL MEETING

On the 19<sup>th</sup> January, the Company held an Extraordinary General meeting (“EGM”) to seek shareholders’ approval on several resolutions regarding the convertible note and SPP.

All resolutions were passed in favour allowing the Company to accept the funding arrangements proposed.

## SPP UPDATE

On the 27<sup>th</sup> January, the Company announced it had received total funds of \$3,118,800 under the Share Purchase Plan offer.

The Company will now look to place the shortfall amount.

## MEDIA COVERAGE

On the 30<sup>th</sup> January, Xped’s Managing Director Martin Despain appeared on SkyNews Business Channel. Martin spoke about our Internet of Things platform and the key advantages of Xped’s technology offering. A copy of the video can be seen here: <https://vimeo.com/201764873>

# Xped Limited



## LEGACY PROJECTS

### SOKORIA GEOTHERMAL PROJECT

The Company continued to work with KS Orka under the terms of the Conditional Sale and Purchase Agreement ("CPSA") for divesting Xped's interest in PT Sokoria Geothermal Indonesia.

The project continues to progress well with KS Orka having provided over. USD\$1.5m to date and KS Orka confirming in January 2017 they will acquire the project following conditions of the CSPA having been satisfied.

Updates will be provided further to market once the drilling work is complete and Orka indicates its notice of intent to develop the full project at which time Xped will receive due payment up to USD\$947,368 via payment commitment agreement between the parties.

### AUSTRALIAN GEOTHERMAL PROJECTS

The Company is planning to restore and rehabilitate GEL223 and GEL611 tenements in South Australia in 2017. Meetings are underway with contractors to engage in the work and the Company is liaising with the Department of State Development for scheduling activities.



# Xped Limited



## FINANCE AND ADMINISTRATION

### CASH HOLDINGS

At the end of the quarter, the Company's cash position stood at approximately \$5,761,616.

### EQUITY HOLDINGS

Nil

### HSEC

During the quarter under review, there were no reportable incidents relating to health, safety or community-related matters.

### SHAREHOLDINGS

As at the date of this report, the following table represents the total equity instruments on issue in Xped Limited:

Equity Category	Details	Number on Issue
Listed Ordinary Shares	ASX : XPE	1,706,148,767
Unlisted Ordinary Shares (Subject to ASX escrow)		497,081,706
Unlisted Options		70,000,000
Listed Options 31/12/2018 \$0.05		204,508,940

# Xped Limited



## ABOUT XPED

Xped Limited (ASX:XPE) is an Internet of Things (IoT) technology business. Xped has developed revolutionary and patent-protected technology that allows any consumer, regardless of their technical capability, to connect, monitor and control devices and appliances found in our everyday environment. It's as simple as two people shaking hands. By enabling the Internet of Things, Xped's ADRC platform will bring benefit to Manufacturers, Retailers, Service Providers, and Consumers.

At Xped, we are **Making Technology Easy Again**

## FOR MORE INFORMATION:



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## CORPORATE ENQUIRIES:

### Cadmon Advisory

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## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Xped Limited

**ABN**

89 122 203 196

**Quarter ended ("current quarter")**

31 December 2016

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	287	561
1.2 Payments for		
(a) research and development	(358)	(655)
(b) products manufacturing and operating costs	(1,101)	(1,154)
(c) advertising and marketing	(102)	(113)
(d) leased assets	-	-
(e) staff costs	(870)	(1,578)
(f) administration and corporate costs	(785)	(2,344)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	13	33
1.5 Interest and other costs of finance paid	(9)	(22)
1.6 Income taxes paid	-	(203)
1.7 Government grants and tax incentives	-	65
1.8 Other (Patents)	(42)	(72)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,967)</b>	<b>(5,482)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(26)	(57)
(b) businesses (see item 10)	(135)	(660)
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	69
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (cash in acquired business)	-	43
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(161)</b>	<b>(605)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	2,725
3.4 Transaction costs related to issues of shares, convertible notes or options	(107)	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(115)	(347)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	(230)
3.9 Other (loan repaid)	(2)	212
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(224)</b>	<b>2,360</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	9,114	9,596
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,967)	(5,482)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(161)	(605)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(224)	2,253

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>5,762</b>	<b>5,762</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	5,522	8,464
5.2	Call deposits	240	650
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>5,762</b>	<b>9,114</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
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553
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Consulting and directors fees
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**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

<b>Current quarter \$A'000</b>
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8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		


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9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	300
9.2 Product manufacturing and operating costs	500
9.3 Advertising and marketing	80
9.4 Leased assets	-
9.5 Staff costs	900
9.6 Administration and corporate costs	800
9.7 Other (capital raising costs)	250
9.7 Other (business purchase costs)	700
<b>9.8 Total estimated cash outflows</b>	<b>3,530</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  ..... Date: 31 January 2017  
Company secretary

Print name: Julie Edwards

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.