

# 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 Activities Report for the quarter.

### QUARTERLY HIGHLIGHTS

- **Lenze IPark App Development**
- **Smart Home Solution**
- **Human Resources and Expenditure Review**
- **Intel SHDAP Integration**
- **MoU signed with JBT**
- **MoU signed with Compal**
- **Acquisition of Jemsoft**
- **Telink Update**
- **Bonus Options Offer**
- **Unmarketable Parcel Share Sale**
- **General Meeting**
- **Consolidation of Share capital**
- **JCT Healthcare Update**

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## LENZE IPARK APP DEVELOPMENT

During the quarter Xped finalised development and delivered a mobile application to Shenzhen Lenze Technology Co Ltd (“Lenze”). The IPark app, developed for both Apple and Android, interacts with a Lenze Smart Lead product. Lenze has been actively marketing and has advised Xped it is receiving volume orders for this product.

On 3<sup>rd</sup> July Xped announced that volume production of Lenze smart leads commenced in June. As previously announced Xped will receive a licensing fee for each active download of the app. Xped expects revenue from this agreement. Further discussions have been held with Lenze regarding other potential opportunities.

## SMART HOME SOLUTION

Xped announced on 2<sup>nd</sup> June that it was developing a smart home solution. The Company is initially integrating 15-20 smart home branded products as well as support many more off the shelf devices, all requiring only the one Xped developed App to control them. Business development is focussed on the promotion of the “Smart Home Solution” either as a white-labelled or Xped branded solution.

Subsequently announced on 17<sup>th</sup> July Xped recently provided a successful demonstration of a smart home solution to a telecommunication provider based in the Asian region. This demonstration utilised the Xped App, white labelled for the customer, used to monitor and control several smart home devices. These included Philips Hue lights, door/window sensors, and an environmental sensor. The Company is currently working with the telco and their partner organisations to deploy the smart home demonstration solution into their show centre and some demonstration homes.

## HUMAN RESOURCES AND EXPENDITURE REVIEW

During the quarter, the Company engaged TBH Consulting to complete a Human Resources review, with a focus on improving efficiencies in Engineering and Product Delivery. Xped has since implemented a new organisational structure together with new cost centres, recruited important additional engineering talent to the company, and further bolstered its project management capabilities.

The Company has now commenced a salary and costs review with a view to providing savings for Xped.

## INTEL SHDAP INTEGRATION

On 2<sup>nd</sup> June Xped provided an update on the integration of Xped gateway software with Intel’s Smart Home Development Acceleration Platform (“SHDAP”). The Company announced that this gateway software will be utilised on Intel-based gateway solutions

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provided by companies like Cybertan, Advantech, and Arcadyan. This integration allows us to integrate our App, cloud services, RML, and gateway software with devices that use Wifi, BLE, Zigbee and Z-wave protocols. The Company noted that Intel's SHDAP uses IoTivity which is a technology integration platform produced by Open Connectivity Foundation, of which Xped is a platinum member.

On the 3<sup>rd</sup> July, Xped announced that progress had been made with the integration of Intel's Smart Home Development Acceleration Platform ("SHDAP") with Xped's ADRC IoT Gateway software. This integration allows Xped to integrate a wide range of compatible devices into our platform. A sample of devices integrated includes Philips Hue Lights, a temperature sensor, proximity sensor, window\door sensor, and a water leak sensor.

## JBT MOU

On the 30<sup>th</sup> June, Xped advised it had entered into a Memorandum of Understanding ("MoU") with Shenzhen JBT Smart Lighting Co. Ltd ("JBT").

If a binding agreement is reached, Xped will license to JBT their technologies including ADRC Proxy, Xped App Framework white labelled for JBT, and Xped Cloud Infrastructure Platform. JBT products include Smart lighting, Smart plugs, IR Blaster, and modules. Xped engineers have begun the process of device onboarding with the Xped App and infrastructure platform cloud services.

## COMPAL MOU

On the 13<sup>th</sup> June, Xped advised it had entered into a Memorandum of Understanding ("MoU") with Compal Electronics Inc ("Compal"). The MoU has resulted in both companies working together for the purpose of entering a binding agreement for the licensing of several Xped Technologies and to collaboratively market to Compal customer base.

If a binding agreement is reached, Compal will seek to incorporate Xped technologies into Smart Gateway solutions, smart speaker platform, smart home devices, and smart health devices.

## ACQUISITION OF JEMSOFT

On the 11<sup>th</sup> May, Xped announced it had acquired 100% ownership of Jemsoft Pty Ltd ("Jemsoft"). Jemsoft is a computer vision and artificial intelligence software development company. Xped will be implementing some of Jemsoft's technologies into our IoT platform. As part of the Jemsoft purchase, Xped acquired a 56% interest in Media Intelligence Co ("MIC"). MIC makes use of software to provide real-time and after-the-fact insights and measurements for brands and media owners alike.

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Jemsoft staff have been integrated into key product delivery and technical architecture and software development roles within Xped to add to our engineering resources.

Subsequent announcements were made regarding MIC. With Xped directors, Mr Athan Lekkas, Mr Chris Wood, and Mr John Schultz being appointed as directors of MIC, and existing directors resigning. Dr Karen Nelson-Field (previous CEO and director) was engaged by the board of MIC on a consultancy basis until September 2017 to assist in the delivery of the Think TV project. Xped is currently evaluating options in regard to MIC moving forward.

## TELINK UPDATE

On the 3<sup>rd</sup> April Xped announced that it had completed the Auto Discovery Remote Control ("ADRC") port to the Telink 8269 chip (TLSR8269F512). Xped's engineering team worked closely with Telink to finalise the port.

Since then Xped has been working on incorporating the BLE (Bluetooth Low Energy) pairing capabilities to meet Telink customer needs.

On 2<sup>nd</sup> June Xped provided an update on the opportunities being pursued with Telink. Xped identified that the use of ADRC is to be focusing on enterprise solutions. These customers value the security and simplification of ADRC device onboarding. An example of this being the solution being developed with Vital Xense for data centre management.

Xped also advised that Telink Bluetooth chips are being used in Lenze devices. Xped is focused on promoting the Xped Infrastructure Platform (RMP, APP, Gateway software and Cloud Services) through the Telink relationship.

## BONUS OPTIONS OFFER

On the 18<sup>th</sup> May, Xped announced a Bonus Options offer, with 1 Bonus option offered for purchase by eligible shareholders for every 2 shares held. Each Bonus Option had an issue price of \$0.001 and an exercise price of \$0.04. Subsequently, a prospectus was issued on 19<sup>th</sup> June, and the Bonus Options were underwritten by Leadenhall Australia Pty Ltd.

149,285,289 Bonus Options were purchased by eligible shareholders, with the remaining 419,391,619 being placed through a shortfall offer managed by the underwriter.

The bonus options, code XPEOD, will expire on 18<sup>th</sup> January 2018.

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## EXISTING MOU STATUS UPDATE

On 2<sup>nd</sup> June the Company provided a market update as to the progress of MoUs. Further detail is available in the announcement.

## UNMARKETABLE PARCEL SHARE SALE FACILITY

On the 26<sup>th</sup> April, the Company announced, pursuant to provisions of Rule 75 of the Company's Constitution, the sale of Small Holdings. The program was available to eligible shareholders who on the record date (24 April 2017) were holders of fully paid ordinary shares in Xped valued at less than \$500.00.

Eligible shareholders could elect to sell or retain their holding. If a shareholder did not respond by the election date then their Small Holding was sold. This was done without shareholders incurring any brokerage or handling costs. The program closed on Friday 23<sup>rd</sup> June. Automic administered this process and eligible Shareholders whose Small Holding were sold can receive their funds through EFT by contacting Automic.

## GENERAL MEETING

A General meeting of shareholders was held on 30<sup>th</sup> May. All resolutions were passed.

1. Approval of variation of terms of the Tranche1A Convertible Securities to permit early repayment. This allows the convertible note holder can request early repayment of \$1,000,000 from the September 2017 quarter onwards.
2. Approval to issue JCT Shares
3. Approval to issue Future Placement Shares
4. Approval for the issue of Shares to Athan Lekkas or nominees as part of the Future Placement
5. Approval for the issue of Shares to Martin Despain or nominees as part of the Future Placement
6. Approval for the issue of Shares to Wenjun Shen or nominees as part of the Future Placement
7. Consolidation of Share Capital

Details of specific voting numbers of poll results are available from the announcement to market on 30<sup>th</sup> May. The Company appreciated the opportunity to engage with shareholders during question time.

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## CONSOLIDATION OF SHARE CAPITAL

Xped announced on 23<sup>rd</sup> May a Consolidation of Share Capital. This resulted in the conversion of every two Shares into one Share, with any fractional entitlements to Shares following the Consolidation being rounded to the nearest whole number of shares. This was subsequently approved by shareholders in General meeting held 30th May. On 9<sup>th</sup> June Xped announced the Consolidation of Share Capital was complete.

## JCT HEALTHCARE UPDATE

On 17<sup>th</sup> July, Xped announced that subsidiary JCT Healthcare demonstrated their technology solution deployed at Lightsview to senior representatives of Disability SA (the client), as well as a representative from the SA Government. As previously announced the Lightsview Project is an enhancement of JCTs existing Nucams software integrated with a newly developed Next Gen JCT mobile app, the Xped developed Camera Manager and Smart Home Controls. A newly developed neural network based video analytics engine is currently being integrated to detect various types of falls to eliminate the need for wearable fall detection sensors.

JCT was successful in being awarded a \$273,795 grant from TechnSA for the development of a new video analytics technology to be integrated into their platform for use in the disability and aged care markets.

JCTs software development team was integrated with Xped's software development team during the quarter to increase efficiency and alignment of technology solutions

JCT's cashflow revenue reported for the quarter ending 30 June was \$543,555

## LEGACY PROJECTS

### SOKORIA GEOTHERMAL PROJECT

Updates will be provided further to market once Orka indicates its notice of intent to develop their 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 has been undertaking restoration and rehabilitation work on GEL223 and GEL611 tenements in South Australia in 2017. Contractors commenced work in May and have completed a substantial amount of work to rehabilitate these tenements. Xped expects all work to be complete by end December 2017.

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## FINANCE AND ADMINISTRATION

### CASH HOLDINGS

At the end of the quarter, the Company's cash position stood at approximately \$6.75million

### 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	957,430,754
Ordinary Shares (Subject to escrow)		253,540,855
Listed Options	ASX: XPEOC \$0.10 Expiring 31/12/2018	102,254,564
Listed Options	ASX: XPEOD \$0.04 Expiring 18/01/2018	568,676,908
Unlisted Options	Strike Prices from \$0.10 to \$0.26 Expiring between 07/09/17 to 31/3/18	30,000,000
Convertible Security	Tranche 1A, Expiring 3 January 2020	
Convertible Security	Tranche 1B, Expiring 25 January 2020	

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## ABOUT XPED

Xped is an Australian 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’re **Making Technology Easy Again**

## FOR MORE INFORMATION:



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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")**

30 June 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	641	1,406
1.2 Payments for		
(a) research and development	(225)	(1,206)
(b) products manufacturing and operating costs	(184)	(1,646)
(c) advertising and marketing	(119)	(232)
(d) leased assets	-	-
(e) staff costs	(1,053)	(3,909)
(f) administration and corporate costs	(675)	(4,139)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	27	69
1.5 Interest and other costs of finance paid	(8)	(35)
1.6 Income taxes paid	-	(203)
1.7 Government grants and tax incentives	633	738
1.8 Other (patents & trademark costs)	(42)	(164)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,005)</b>	<b>(9,321)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1)	(64)
(b) businesses (see item 10)	(200)	(1,560)
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 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)	140	183
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(61)</b>	<b>(1,372)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	3,119
3.2 Proceeds from issue of convertible notes	-	3,000
3.3 Proceeds from exercise of share options	-	2,725
3.4 Transaction costs related to issues of shares, convertible notes or options	(36)	(483)
3.5 Proceeds from borrowings	-	28
3.6 Repayment of borrowings	(76)	(499)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	(230)
3.9 Other (loans)	(25)	187
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(137)</b>	<b>7,847</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	7,953	9,596
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,005)	(9,321)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(61)	(1,372)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(137)	7,847

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 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>6,750</b>	<b>6,750</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	6,510	7,713
5.2	Call deposits	240	240
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>6,750</b>	<b>7,953</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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393
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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)	1,583	1,583
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.		

Convertible Security - Tranche A \$1,000,000. Interest rate 8.35%, expiry 3 January 2020  
Convertible Security - Tranche B \$583,333. Interest rate 8.35%, expiry 25 January 2020

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	450
9.2 Product manufacturing and operating costs	200
9.3 Advertising and marketing	60
9.4 Leased assets	-
9.5 Staff costs	1,100
9.6 Administration and corporate costs	800
9.7 Other - JCT acquisition cost	500
- Capital raising costs	100
- Rehabilitation costs	200
<b>9.8 Total estimated cash outflows</b>	<b>3,410</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	Jemsoft Pty Ltd (100%) Media Intelligence Pty Ltd (56%)	
10.2 Place of incorporation or registration	South Australia	
10.3 Consideration for acquisition or disposal	\$200,000	
10.4 Total net assets	-	
10.5 Nature of business	Software development	

### 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:

  
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Company secretary

Date: 31 July 2017

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.