

ABN 89 122 203 196
Level 6,
412 Collins Street
Melbourne VIC 3000

T 03 9642 0655
F 03 9642 5177
E info@xped.com
www.xped.com

Xped Limited



Chairman's Letter

Dear Shareholders,

It is with pleasure that I present to you Xped Limited's (Xped) Annual Report for the financial year ended 30 June 2017 ("FY17") – my first as your Chairman.

The Board has implemented a whole-of-company cost reduction program in response to the significant operating costs that impacted the company during FY17.

Generating revenue and working towards a cashflow positive balance sheet are of the highest priority and the company is working towards achieving these objectives.

After being appointed Chairman in September, I have undertaken a full restructure of the Board and Management Team.

As announced on September 25, Xped has reduced the number of Board members with John Schultz, Martin Despain, and Wenjun Sheng all retiring. I acknowledge and thank them for their contribution to the Board. These changes will reduce fixed operating costs for FY18.

Martin Despain and Wenjun Sheng will continue in the business in incentive driven business development roles. John Schultz continues in his senior management role leading project delivery and device development.

These changes have increased the efficiency of the Board, created an improved governance structure, and will result in improved performance of the Company.

The business is committed to focusing on near term revenue opportunities, and reducing fixed operating costs and I will continue to make the changes necessary to improve the performance of Xped.

On behalf of the Board of Directors, I thank our shareholders for their ongoing support of our company.

I also thank and acknowledge the effort and support of our employees, contractors, and partners. Looking forward to FY18 and beyond, the Board is committed to continuing to invest in our technology and people to grow Xped and shareholder value.

Yours sincerely

Peter Hunt
Chairman

29th September 2017

ABN 89 122 203 196
Level 6,
412 Collins Street
Melbourne VIC 3000

T 03 9642 0655
F 03 9642 5177
E info@xped.com
www.xped.com

Xped Limited



Managing Directors' Letter

Dear Shareholders,

I am pleased to present to you the Xped Limited Annual Report for the financial year ended 30 June 2017 ("FY17").

FY17 has been a year of substantial transformation and capability growth for Xped, which has been investing heavily in the commercialisation and production readiness of our technologies and solutions.

Under the leadership of our CEO (and previous Chairman), Athan Lekkas, we have built our capabilities in all areas of the Company.

We have strengthened the internal technology capabilities of Xped through talent identification and recruitment of engineering staff and software developers. Recruitment focus has been on mobile application development and cloud services developers, which has seen us rapidly develop and expand our solution offering.

Xped has established a quality assurance and testing team to ensure on production-ready releases, and through the acquisition of Jemsoft, it has an internal computer vision and artificial intelligence capability.

While the majority of our staff are Australian based, during FY17 we established an offshore development centre to undertake supplementary development tasks and provide testing services. There have been some challenges in managing this significant resource growth, however, following a recent review, changes have been made to improve output and our ability to meet business development driven timelines.

The past 12 months have seen significant development in our technology portfolio. We have launched IOS and Android versions of our App, and continue to expand the features of this core technology component.

We developed the Xped Infrastructure Platform (XIP), our Cloud Services built on MS Azure, and continue to develop this solution.

We integrated Xped ADRC with Intel-based gateways, and with Intel's SHDAP gateway solution.

From a hardware perspective, we successfully ported ADRC onto STMicro, and Telink chipsets during FY17, and have made progress with porting onto Telink's BLE chipset.

Xped developed DiscoverBus during FY17, which is a wired solution, with One Click onboarding of devices. We also developed a range of ADRC modules, sensors and smart devices during the financial year.

Following my appointment in September 2016 as Managing Director and the Head of Business Development, I have worked with the Board to align Xped's core ADRC technology offering with an expanded product and solutions roadmap to meet the needs of target markets.

It has taken some time to develop and expand the Xped technology offering to meet this business development roadmap, however, the Company now has strong IoT solutions in multiple target markets.

Xped anticipates revenue to be generated from three main target markets - Smart Home and Consumer Solutions, Smart Buildings and Commercial Solutions and Professional Healthcare.

Xped Smart Home has been developed to be a very flexible and easy to use solution.

The Xped Smart Home solution - which can be custom branded - provides an app, gateway, range of smart devices to select from, and compatibility with a large range of existing branded products.

Utilising the integration ADRC and Intel's SHDAP, we offer connectivity with Zigbee, Z-Wave, Wi-Fi, Bluetooth and ADRC devices.

ABN 89 122 203 196
Level 6,
412 Collins Street
Melbourne VIC 3000

T 03 9642 0655
F 03 9642 5177
E info@xped.com
www.xped.com

Xped Limited



Xped recently deployed its Smart Home Solution with a range of smart home devices into a showcase home in Asia, and is confident of revenue opportunities from this target market area.

We are continuing to expand the device availability of this solution with both our branded products and Tier 1 brand product connectivity. The company is currently focused on selling our Smart Home Solution through channel partners, such as telecommunication companies, property developers, and system integrators.

Xped consumer solutions include customised application development work, with the first customer being Shenzhen Lenze Technology Co (Lenze). We developed the iPark app for Lenze, with the first release in May 2017.

Based on the Xped App framework, we were able to rapidly develop an App to interact with its Smart USB lead device. It is currently in commercial production and we expect the iPark device to be on sale in December 2017 quarter.

Under the terms of this engagement, Xped will receive a fee per active download. While not a primary target market, we will continue to pursue these opportunities when there is revenue opportunity.

Xped Smart Building and Commercial solutions are based on Xped's ADRC technologies. Xped strongly believes in the technology and consumer advantages of Xped ADRC and DiscoverBus solutions.

In FY17, we developed our integration with the commercial gateway and developed a range of modules, sensors and smart devices. We have been working with Vital Xense of Singapore (VX) on developing solutions for use in Data Centres.

With the acquisition of Professional Healthcare Technology company, JCT Healthcare, in July 2016, Xped realised immediate revenue, and access to a key target market.

Professional Healthcare will provide the majority of Xped's revenue in FY18, and we forecast significant growth in this area from FY17. This growth is expected from our Channel Partner sales, from direct sales, and from new revenue areas such as the technology-assisted independent living sector.

From December 1, I will be transitioning into a purely business development role to drive revenue growth. I leave my role as Managing Director reflecting on the significant transformation and growth that the Company has seen from a technology and product readiness perspective over the past 12 months.

Xped has great technology and great people, and is positioned to grow revenue strongly over the next 12 months. I look forward to working with the team to realise Xped's potential.

Yours sincerely

Martin Despain
Managing Director

29th September 2017