

Xped Limited



ASX:XPE

Company Update

Australian Internet of Things (IoT) technology company, Xped Limited (ASX: XPE) (“Xped” or “the Company”) is pleased to provide this market update regarding recent progress and developments

Highlights

- Vital Xense government grant
- Lenze iPark shipments begin
- Telink developments
- Smart buildings products progress
- Smart home products progress
- Investment in Marketplace Services Pty Ltd to grow Xerts
- Cost savings and Board restructure
- Areas of key focus

Vital Xense government grant

Vital Xense and its partners announced recently that they have won a grant from the Singapore Government worth over SG \$2M. The grant is to fund research into optimizing the energy usage of data centres.

As part of this trial, a major data centre in Singapore will be fitted out with hundreds of sensors to monitor the temperature, humidity and air pressure.

This information will be gathered and analyzed to determine how to optimally control the chiller plant to maintain the data centre’s service level agreement with its customers while minimizing energy usage.

Xped is expecting Vital Xense (a Singapore company 35% owned by Xped) to place an order for its Discover Bus range of wired and wireless sensors in the next few weeks.

Lenze iPark shipments begin

Xped is pleased to announce that after a trial batch was tested in the field - which resulted in approximately 16,000 downloads of the iPark App - production shipments commenced in December and to date there have been approximately 29,000 downloads of the iPark app.

In November, Lenze won a new customer and the iPark app was rebranded as iCarPark.

There was a delay putting this new app on the Apple App Store due to Apple requesting samples of the hardware for verification. Apple’s verification went smoothly and authorisation to release the app to the App Store was granted on 15 December 2017.

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Telink developments

Xped has developed a BLE (Bluetooth Low Energy) based infrared blaster based on the Telink 8267 chip.

The blaster also includes a chip from UEI, which is one of the market leaders in infrared technology.

The UEI chip comes with a database containing the control codes for most of the popular appliances available. The product is currently being integrated into the Xped app and can be used without an Xped IoT gateway.

Once this work has been completed, a preproduction run will be scheduled and samples will be made available for beta testing and for business development purposes.

The “BLE Tap” technology is now integrated into the Telink 8261 chip which operates as a stand-alone subsystem. This chip can be used by device manufacturers to facilitate the pairing of a device using a tap gesture with phones that do not have NFC.

This makes it possible for iPhones to tap on devices that incorporate this chip. Xped will be working closely with Telink to promote this technology to its existing client base.

Smart building products

The first order for these products is expected to come from Vital Xense for its data centre project. Manufacturing of Xped’s smart buildings products is expected to commence on receipt of a purchase order.

These products based on patented ADRC technologies, are quick and easy to install and provide superior functionality as well as ultra-low power operation, enabling them to run on a coin cell battery for up to 10 years.

The range of smart building products can now be viewed on the company website (effective December 2017).

Smart home products

Xped is in the final stages completing the development of its first offering of products intended for the smart home market.

These products are targeted at home security, which independent research shows is the area of greatest demand by consumers. The range of devices includes: motion sensors, door/window sensors, panic button, light switches, LED RGBW lights, glass break sensors, indoor and outdoor sirens, and indoor and outdoor IP cameras.

The selected devices which come from a range of popular vendors, use Wi-Fi and Z-wave communication technologies and are controlled by an Xped developed IoT gateway.

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The Xped app is able to control and monitor these devices as well as providing 'scenes', 'rules automation' and 'notification' functionality.

Scenes provide a convenient way to set a number of devices into a desired state. For example, a 'scene' called 'Watch TV' can be created by a user to turn on the TV, set the input to HDMI1, turn on the surround sound system and turn on the Apple TV - all with the touch of a single button.

Rules automation is a very powerful feature that allows things to be controlled based on events generated by sensors or based on the time of day or on a particular date and time. For example, a 'rule' can be created by a user to turn on a siren when a window breaks or to turn on a light at 6am Monday to Friday.

Notifications enable the user to receive a notification on their mobile phone when something happens in the home. Notifications are sent using the push notification feature of iOS and Android and will be received whether the Xped DeB app is running or not. For example, a user can enable a notification to be sent when the front door is opened.

This advanced system that works across multiple different IoT protocols and vendors, including Xped's own ADRC protocol was demonstrated to a major Asian telco (during January), who have subsequently invited Xped to install the system in the demonstration centre at its corporate headquarters.

Voice control of these products will be possible in Q3 after integration of the Amazon Alexa service has been completed.

Investment in Marketplace Services Pty Ltd to grow Xerts

Xped invested in Marketplace Services Pty Ltd (MPS) in December in the form of 25 million ordinary shares while providing a loan facility of \$350,000 in the form of a convertible note repayable in 24 months.

This relationship allows Xped to focus on the commercialisation of its core ADRC technologies whilst Marketplace Services Pty Ltd undertakes business development of Xped's patented digital coupon technology known as *Xerts* for the Australian market.

Cost savings and Board restructure

Well-respected South Australian businessman, Mr Peter Hunt, was appointed as Xped's Non-Executive Chairperson in September last year as part of the Company's overall strategy to prioritise its development resources on opportunities with the highest likelihood of revenue return.

Following Mr Hunt's appointment, the Board commenced an organisational restructure spanning the entire business. As a result, the Board was reduced from five directors to three with Dr Wenjun Sheng and Martin Despain resigning from their roles as Directors and moving into retainer-based consultancy agreements to continue their business development efforts with Xped, with further remuneration being aligned to revenue-based performance.

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Mr John Schultz also resigned from the Board allowing Mr Hunt to join the Board while keeping the Xped Board to three. Mr Schultz continues in his role as the Head of Projects for Xped.

His resignation from the Board has increased his capacity to manage internal engineering teams, which has seen development pace increase within Xped's hardware and devices team. Other cost savings included a review of professional services providers and consultants, as well as a review of human resources expenditure performed by TBH Consulting.

Areas of key focus

Key areas of focus for Xped currently are the commercialisation of its ADRC technology with telecommunication carriers, data centre operators and property developers being priority target markets.

During the quarter, Xped's 100% owned subsidiary, JCT Healthcare, continued to generate revenue and is in the delivery phase of several of the previously announced contract wins with these projects to be delivered this financial year.

JCT Healthcare continues to pursue further sales opportunities and continues to support channel partners and resellers in sales and project delivery activities.

Another priority for the company has been to transition JCT Healthcare to a stand-alone business. This has included moving all staff and other parts of the business into one location.

By order of the Board

ASX RELEASE // 31.1.2018

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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. Xped provides technology solutions for Smart Home, Smart Building, and Healthcare. At Xped, we’re Making Technology Easy Again™

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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 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	336	419
1.2 Payments for		
(a) research and development	(288)	(958)
(b) products manufacturing and operating costs	(243)	(508)
(c) advertising and marketing	(28)	(107)
(d) leased assets	-	-
(e) staff costs	(829)	(1,816)
(f) administration and corporate costs	(439)	(1,665)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	10	17
1.5 Interest and other costs of finance paid	(6)	(106)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	2,396	2,399
1.8 Other - patents & trademark costs	(58)	(124)
- rehabilitation costs	(3)	(281)
1.9 Net cash from / (used in) operating activities	848	(2,730)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(19)	(33)
(b) businesses (see item 10)		(500)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(c) investments	(306)	(306)
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(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)	-	-
2.6 Net cash from / (used in) investing activities	(325)	(839)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	3,552
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(215)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(74)	(1,131)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (loans)	-	-
3.10 Net cash from / (used in) financing activities	(74)	2,206

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	5,312	7,124
4.2 Net cash from / (used in) operating activities (item 1.9 above)	848	(2,730)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(325)	(839)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(74)	2,206

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	5,761	5,761

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,871	4,422
5.2	Call deposits	890	890
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,761	5,312

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

Current quarter \$A'000

296

-

Consulting and directors fees

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

Current quarter \$A'000

-

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8. Financing facilities available <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. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	130
9.2 Product manufacturing and operating costs	100
9.3 Advertising and marketing	15
9.4 Leased assets	-
9.5 Staff costs	800
9.6 Administration and corporate costs	200
9.7 Other - Rehabilitation costs	90
Other - Investment	175
9.8 Total estimated cash outflows	1,510

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	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 2018
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.