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Xped Limited



4th August 2017

RE: Open Letter to Shareholders

Dear Shareholders

On behalf of the Board of Xped Limited and our employees, I would like to thank you for your investment and support. As a Company, we are constantly seeking to improve in all areas of our business. This includes shareholder relations, and this letter is part of a greater initiative to improve our communication.

Firstly, I would like to acknowledge the disappointment and frustration that our share price downturn over the last 12 months has had on investors. I want to let you know that I, the Board, and our employees are working as hard as we can to deliver revenue growth, and an enhanced suite of products and solutions to bring to the market. I cannot directly control the share price or overall market trends, but I can promise that we are focused on delivering commercial results that will provide the market with the opportunity to reward shareholders.

Despite the downturn in share price, from a business perspective, Xped is in a much stronger position today. Our recently restructured workforce is now better aligned with BD activities and is focussed on delivering commercial outcomes on near and medium-term opportunities. While R&D has been historically an important part of our business it can be time-consuming and difficult to estimate time frames for completion. This has caused the business issues in the past with meeting time frames for commercial product readiness, thus impacting revenue opportunities. As part of the restructure we also integrated our engineering resources from JCT and Xped together as well as incorporated resources related to the acquisition of Jemsoft. The new structure is showing improvements and will be continued to be assessed and optimised for efficiency.

We have invested significantly in JCT Healthcare, including the initial investment to purchase, and through investment in stock, R&D, and time in restructuring the business to make it ready for national sales growth. JCT specialise in Nurse call management solutions, have an excellent product range and have put on several channel partners to enhance their national presence. They also have a growing revenue opportunity for the implementation of smart technology assisted care solutions in the Aged Care and Disability sectors. While it has taken longer to see the growth than I would have liked, the Board and I, strongly believe the Healthcare sector is a fantastic revenue opportunity for Xped.

Xped has a strong offering in the IoT marketplace. We have spent considerable time promoting the ADRC One Tap technology, and while disappointing, it has not seen the uptake that we would have liked. The strength in Xped is that this is only a small part of the overall IoT technology solution that we offer. Our App, RML, Gateway Services and Cloud Services provide a competitive platform offering, and we are now focussed on generating revenue from these. The ADRC One Tap onboarding is now part of our commercial and industrial solution through Vital Xense and potentially other partners.

We have also begun to generate revenue through our App development capabilities. The Lenze deal is expected to bring revenue this calendar year, and I am confident that if this is successful that we will be able to bring in more opportunities like these.

Through working closely with Intel we have successfully integrated our ADRC gateway services with Intel's Homelake (SHDAP) platform. This will allow us to leverage the Iotivity platform

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increasing the number of smart IoT devices that our platform can integrate with. The number of devices and simplicity of our App and Platform will be key growth drivers for our Smart Home offering we will bring to the market this year. I am looking forward to bringing you further information on this exciting solution in the coming months.

As we strive to improve the overall performance of Xped the Board and I have included ourselves in the company wide review. We have begun a process to identify opportunities for restructuring and strengthening both the Board and Senior Management teams. This initiative is expected to introduce on new talent to add value and drive the growth of Xped.

I am very positive on Xped's prospects and the overall IoT market opportunity. If you have any questions or wish to discuss Xped I encourage you to contact me (ir@xped.com). On behalf of the Board, I thank you for your shareholding in Xped.

Yours faithfully

Athan Lekkas
Chairman and CEO
Xped Limited