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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

- Xped SH2 smart home gateway progress
- Smart building solution delivery
- IoT cyber security proof of concept delivered
- Smart home customer experience demos deployed

Xped SH2 Gateway

Xped's SH2 smart home gateway is in the final stages of beta testing with its partners, coupled with Xped's device browser mobile application.

Designed and developed in-house by Xped's hardware engineering team and loaded with the full ADRC stack, the SH2 gateway is in the late stages of production, with a small run of custom boards already produced, and a second run underway.

Tooling is underway for injection moulding of the SH2 Gateway's enclosure, and off-tool samples are expected within the next month.

Fig 1. Xped SH2 Gateway Injection Mould Tooling

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A stand-out feature of the Xped gateway is its built-in battery backup functionality allowing it to operate for up to 90 minutes even when power has failed in the home. This allows users to continue to control key battery-powered devices such as alarms and/or locks, and for the gateway to detect security conditions and send notifications to the owner's phone.

Fig 2. Xped SH2 Gateway

The SH2 Gateway supports Xped's ADRC products and Z-Wave devices and is currently capable of supporting devices from several manufacturers, including Xped's own DiscoverBus devices. Products in a number of price ranges have been tested and certified as compatible devices including the following categories:

- Door and window sensors
- Motion sensors
- Glass break sensors
- Water leak sensors
- Smoke detectors
- Temperature / humidity sensors
- Carbon monoxide sensors
- Combustible gas sensors
- IR blasters

- Multi-sensors (motion, temperature, humidity, lux, UV)
- IP cameras - indoor
- IP cameras - outdoor
- Panic buttons
- Light switches (single and multi-gang)
- Curtain, blind and garage door motor-controllers
- Smart LED bulbs

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A full deployment of Xped's smart home system in a residential home has been setup to gather valuable user experience feedback as the company prepares to place the system into full production deployments.

On the back of successful testing and completion of production testing, Xped plans to offer its SH2 Gateway in a smart home starter kit initially to its shareholders, and then to the general market via e-commerce channels.

Smart building solution delivery

Xped has delivered to Vital Xense (a Singapore-based company 35% owned by Xped) a modular *multi-slot hub and node* solution to address the smart building management market. The solution was jointly developed between Xped and Vital Xense and aims to provide solutions to businesses intending to adopt smart building management technologies in their new and existing buildings. As announced on 31 January 2018, Vital Xense and its partners were awarded a government grant of SG $2.3 million to fund development of their smart building and data centre management system to the pre-production stage. Witness testing of the solution was passed, and all grant conditions have been met, with Vital Xense now demonstrating the products to potential customers. Vital Xense has now been awarded a SG $500,000 from this grant to purchase and progressively install this system into a Singapore-based data centre over a 36 month project duration. The first deployment will consist of high accuracy temperature and humidity sensors, CO_2 and barometric pressure sensors and industrial actuator controls for computer room air handlers (CRAH) with a focus on the monitoring and management of the data centre cooling operations.

Xped has also developed a fully functional battery monitoring solution for Vital Xense. This product has been designed to monitor large battery arrays typically found in data centres, telecommunications exchanges and other industrial situations. The system monitors battery voltage, temperature and charge/discharge currents of an array of batteries and will be able to provide up to 20 different power parameters typically used to monitor the health and performance of battery strings. Up to 50 batteries can be monitored by a single sensor hub, making it a highly efficient and economical solution for large-scale battery monitoring. A system can consist of multiple hubs, allowing it to cater for the thousands of batteries typically found in a data centre setting. Xped is in the process of manufacturing a pre-production run of the product to enable both Vital Xense and Xped to demonstrate the solution to prospective customers. Vital Xense and their partners have received a SG $100,000 grant to purchase and deploy the product into an industrial setting.

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IOT cyber security system delivered

As announced on 19 December 2017, Xped entered into a binding term sheet agreement with Heuresy LLC ("Heuresy) on the 29th of October to expand the use of its ADRC technologies and its mobile application into the cyber security sector. Xped has now delivered the first proof of concept demonstration of the cyber security system to Heuresy, with the solution consisting of an Xped SH2 Gateway, a NitroKey secure encryption device, and a demonstration mobile application. The solution is being used to demonstrate highly secure "2 factor" authentication for IOT and business applications, such that any outbound data from devices or text-based communications passing through the Xped SH2 Gateway can be encrypted, and any inbound data can be decrypted and then viewed within the Xped mobile application. This solution is now available for demonstration to prospective customers in the United States by Heuresy.

Lenze iPark

Lenze has not delivered to date on the sales volumes it forecast to Xped. The company will update the market if the situation changes materially.

Smart home customer experience demos deployed

Xped engineers have deployed smart home demonstrations in showrooms for both a leading Asian telecommunications company and a south-east Asian property developer recently. Both demonstrations are deployed within purpose-built mock apartments, with one having been demonstrated to both the telecommunication company's CEO and the Prime Minister of the country in which the company is based. This first demonstration centre is targeted at customers and partners of the telecommunications company, with the other being targeted at partners and potential customers of the property developer's numerous projects.

Update on production delivery

Xped's Platform is progressing rapidly towards production for both smart home and smart building verticals. The Company recognises there have been considerable delays in progressing this technology which can be attributed to a number of factors. There have been two critical pivots in our business plan that have affected engineering development. Our original plan for smart home was to license and sell ADRC firmware to silicon vendors. In this model, Xped provided the cloud, app and gateway parts of the system and the silicon vendor sold chips containing ADRC firmware to device manufacturers. To this end, the Company announced MOUs with ST Microelectronics, Telink Semiconductor and Intel as partners. This approach proved to be unsuccessful.

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A decision was made to integrate ADRC technologies into the Intel SHDAP IoT platform which was considered to be a leading IoT platform providing access to popular third party devices based on ZigBee and Z-Wave technologies. Unfortunately, nine months into this major development, Intel decided to abandon SHDAP which left Xped with a critical decision to make; license SHDAP and continue using it or abandon it.

The Company made the decision to integrate Z-Wave technology directly into our Platform. Z-Wave is arguably the leading smart home technology with over 600 manufacturers and 1,900 devices readily available. So after a nine month setback, our dedicated engineering team has been able deliver both the hardware and software needed with amazing speed. The SH2 Gateway is able to work with Z-Wave devices and most importantly, with native ADRC devices. This gives Xped the ability to win customers who want a smart home based on the popular Z-Wave system and then subsequently offer them ADRC devices as superior and easier to use alternatives.

On a final note, we would like to thank all shareholders who have invested in the company and particularly those who have stayed with us through what have been unfortunately longer than anticipated research and development time frames. There have been many challenges along the way, however we are now able to say that we are in the final stages of the development cycle and expect to receive orders for production product in the near future.

Christopher Wood,
CTO and Executive Director
Xped Limited

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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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