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 further positive progress and other developments since the previous company update released on the 31st of July 2018.

Highlights

- Received R&D tax refund of close to $1.6M from the ATO
- JCT revenue growth over previous quarter and up on same period last year
- Xped operating costs lower compared with same period last year
- DiscoverBus™ smart building inaugural production run progressing well
- Heuresy phase 1 hardware delivered on time
- Xped Infrastructure Platform integration with Amazon Alexa

Healthcare business

JCT Healthcare ("JCT"), Xped's 100% owned subsidiary, is a provider of innovative technology solutions for the Healthcare sector. JCT Healthcare develops and distributes its own range of nurse call hardware and software solutions for use across multiple healthcare sectors including hospitals, aged care, disability care and supported Independent Living.

Following the company restructure earlier in the year JCT is undertaking a branding relaunch with a new website, new marketing collateral, and new targeted advertising campaign to commence in late October. These will help to build the awareness of the JCT Healthcare brand and the extensive technology solutions offered by the Company.

JCT Healthcare has recently become an affiliate of Leading Age Services Australia ("LASA"), the national peak body representing and supporting providers of age services across residential care, home care and retirement living. JCT will be attending the LASA National Congress from 28th October to promote our products and solutions for the aged care and independent living sectors.

As a technology developer with in-house programmers and hardware engineering, JCT continues to invest in new products and features to meet the needs of the different healthcare sectors.

Xped Limited

JCT has combined nurse call technologies with Internet of Thing (IoT) hardware devices, to develop a cloud-based assistive technology solution for professional care organisations. This solution has now been installed into 50 homes to enhance the quality of life for persons living with a disability. The solution provides fast responsive access to their assigned professional carer along with JCT developed apps to provide device control such of devices such as lights, blinds, locks, air-conditioning and powered doors. JCT is currently assessing suitability for a broader implementation across other healthcare sectors including in-home aged care, as well as developing new features and enhancements of the solution.

A high availability version of NuCaMS^{TM}, JCT's leading nurse call management software, is currently under development, with the expected release later this year. JCT is in final stages of development of a new Bluetooth based product which is complementary to our existing Wireless1000 and IP based PoE4000 nurse call hardware range. More information on these developments will be available on our website at the time of release.

JCT had a positive quarter in Q1 FY19 with revenues increased from the previous quarter (Q4 FY18) and when compared with the corresponding period from last financial year (Q1 FY18). With the release of new products and solutions, and an increase in marketing and business development activities, JCT is forecasting further revenue growth for FY19 when compared with FY18.

Smart home project

As disclosed in the previous update, phase 1 of the smart home platform acceptance testing by Telekom Malaysia at their Alpha Test Labs in Putrajaya, was completed on the 5th of July. The Company is pleased to announce that the test report has since been issued and indicates that all tests were passed. Phase 2, the final phase of the acceptance testing, was completed on the 12th of October and the Company is waiting for the final test report which is due by the end of October.

Negotiations with Telekom Malaysia over a master services agreement are on-going. It was hoped by both parties that these negotiations would be completed by September 2018, however due to the appointment of a new Telekom Malaysia CEO, the corporate approval process for significant contracts has been changed and this is affecting progress. The Company will provide further updates in due course.

Xped Limited

ASX:XPE

Smart building project

Xped smart building products are being showcased by KPMG Singapore. It is KPMG's intention to offer and demonstrate best practice building management services to their customers globally. This includes the ability to monitor both office and building environments in order to minimise running costs and to improve staff productivity by way of healthier office environments for their clients. The installation into the KPMG building occurred in September in time for a global conference that was attended by over 600 KPMG representatives. The demonstration was well received and as a result more equipment will be installed to expand the system.

It has been confirmed that Xped battery monitoring products are to be fitted into the Racks Central data centre in Singapore as part of their UPS refit. This will be the first installation of this product into a live environment.

MPS project

The three-month proof of concept trial announced in the last business update concluded in September. The system which included Xped's Xert technology, functioned as expected but was not a commercial success due to lack of member participation. No further development with MPS or follow on agreements are expected.

Heuresy project

Xped delivered the phase 1 physical security token hardware to Heuresy on time which enabled them to successfully complete their first milestone and receive the next tranche of funding. Development of phase 2 hardware consisting of security subsystem, LCD display and IoT communications subsystems is underway. The phase 2 hardware will be realised as an Xped made development board and is expected to be ready for testing later this year.

Legacy issues

The rehabilitation of the Salamander geothermal well near Penola South Australia is almost compete. A large expense of around $570k was incurred during the quarter to fund the bulk of the rehabilitation work. The well is being monitored and current indications indicate that a small amount of further work is required before the site can be handed back to the government.

Based on information provided by KS Orka, the Sokoria Geothermal Project in Indonesia has reached its energy production target. KS Orka are in the process of finalizing several issues with the Government of Indonesia that are delaying the NOID. Once agreement has been reached, a payment of close to US $900K to Xped will be triggered. KS Orca expect the timing of this payment to be before the end of this financial year.

Xped Limited

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General

The Company's 2018 R&D tax refund of $1,634,607 was received from the ATO on the 22nd of October.

To support the Company's increasing focus on business development, an updated smart home products catalogue has been produced and released to our partners in Malaysia, Singapore and the USA. An updated catalogue for our smart building product range is currently being produced. A new website focussing on products, solutions and support information is also being developed.

Operational costs continue to be managed very closely and the monthly cash burn has been reduced significantly compared with the same period last year.

The Company's first production run consisting of over 800 DiscoverBus products across 19 different device types is progressing well. This run is in response to purchase orders received from Vital Xense and Heuresy for supply into their smart building channels. Most of the finished goods will be delivered to Vital Xense and Heuresy with the remainder being used as stock for future sales and expansion of certain field trials. Delivery of plastic enclosures from China and fully loaded electronic PCBs have begun to arrive in Adelaide for assembly, test and dispatch. Integration of the Xped Infrastructure Platform with Amazon Alexa is in progress. A proof of concept has been successfully completed allowing a smart LED bulb paired with an Xped gateway to be controlled by voice. Once integration is complete, users will be able to control and monitor many of Xped's smart home and smart building products via the voice control feature provided by Amazon's Echo and Echo Dot products.

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