

Xped Limited



Company Update

Xped Limited (**ASX: XPE**) (“Xped” or “the Company”) wishes to provide an update regarding Board and Management changes:

Cancellation of Founders Vendor Performance Shares

Xped vendors John Schultz and Chris Wood have agreed to cancel the existing 150m performance shares that were set to vest over 3 future milestones under the terms of the Heads of Agreement entered by the Company and vendors on 26 October 2016, for nil consideration, subject to obtaining all necessary ASX and shareholder approvals.

The Company proposes to issue new performance shares with new targets to Mr Martin Despain, Mr Athan Lekkas and corporate advisor Seneca Financial Services under their various agreements as outlined below in order to see the value proposition of the Company be reached. Upon cancellation of the existing performance shares, the issue of the new performance shares will add no further dilution to existing shareholders.

Managing Director Appointed to the Board

The Company today announced that it has secured Mr Martin Despain as Managing Director to the board, effective from 19 September 2016.

Most recently, Martin was General Manager, Smart Home Division, Internet of Things Group at Intel Corporation developing and implementing Intel’s IoT strategy and product offering for the home.

A separate announcement released today provides more information regarding Mr Despain’s appointment.

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Chairman Performance Targets

Since his time with Xped, the present CEO & Chairman, Athan Lekkas has been instrumental in securing international talented professionals to serve on the Board of Xped including Dr Wenjun Sheng and now Mr Martin Despain. Athan has extensive international networks and professional relationships across various industries and is proficient and versed in growing public companies in the small capital markets. Outside of leading and running organisations, Mr Lekkas has demonstrated the ability to secure funding and capital commitments from international and local funding institutions as and when required.

Mr Lekkas identified and secured the Telink opportunity for Xped and established the close working relationship between the parties and wishes to see this grow further as the Company continues its development work with Telink. His skillset in mergers and acquisitions was recently shown when he identified the JCT Healthcare opportunity and managed the deal with JCT vendor for favourable outcome for all parties whilst seeking to add value to Xped shareholders by securing recurring revenue.

In recognition of his continuing ability to lead, identify opportunities and see Xped recognised globally for its technology, the Company has agreed to incentivise Mr Lekkas through the issue of performance shares over a number of milestones that will establish and restore additional value to shareholders if the milestones are achieved.

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These milestones are itemised below:

Performance target	Performance bonus
Dalex Class A –Performance shares (12.5million) Company's market capitalisation exceeds \$125,000,000 for 20 consecutive trading days or more within 12 months of the date of issue of the performance shares	Convert into 12.5 million ordinary shares of the Company to be issued to Mr Lekkas or its nominated accounts
Dalex Class B –Performance shares (12.5million) Company's market capitalisation exceeds \$150,000,000 for 20 consecutive trading days or more within 12 months of the date of issue of the performance shares	Convert into 12.5 million ordinary shares of the Company to be issued to Mr Lekkas or its nominated accounts
Dalex Class C –Performance shares (12.5million) Company's market capitalisation exceeds \$175,000,000 for 20 consecutive trading days or more within 24 months of the date of issue of the performance shares	Convert into 12.5 million ordinary shares of the Company to be issued to Mr Lekkas or its nominated accounts
Dalex Class D –Performance shares (12.5million) Company's market capitalisation exceeds \$200,000,000 for 20 consecutive trading days or more within 24 months of the date of issue of the performance shares	Convert into 12.5 million ordinary shares of the Company to be issued to Mr Lekkas or its nominated accounts

Each performance share will convert into one fully paid ordinary share upon the relevant milestone being reached and are otherwise on terms consistent with the existing performance shares on issue. It is a condition of all milestones that Mr Lekkas remains engaged by the Company at the time of meeting the milestone. The issue of the performance shares is subject to the Company obtaining all necessary ASX and shareholder approvals.

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Corporate Advisor Appointment

The Company has appointed Seneca Financial Services Pty Ltd ("Seneca") as Corporate Advisors to the Company. Seneca has been appointed as the exclusive advisors to the Company. The Company has agreed to incentivise Seneca through the issue of options and performance shares over a number of milestones.

These milestones for the performance shares are itemised below:

Performance target	Performance bonus
Seneca Class A –Performance shares (12.5million) Company's market capitalisation exceeds \$125,000,000 for 20 consecutive trading days or more within 12 months of the date of the engagement	Convert into 12.5 million ordinary shares of the Company to be issued to Seneca or its nominated accounts
Seneca Class B –Performance shares (12.5million) Company's market capitalisation exceeds \$150,000,000 for 20 consecutive trading days or more within 12 months of the date of the engagement	Convert into 12.5 million ordinary shares of the Company to be issued to Seneca or its nominated accounts
Seneca Class C –Performance shares (12.5million) Company's market capitalisation exceeds \$175,000,000 for 20 consecutive trading days or more within 24 months of the date of the engagement	Convert into 12.5 million ordinary shares of the Company to be issued to Seneca or its nominated accounts
Seneca Class D –Performance shares (12.5million) Company's market capitalisation exceeds \$200,000,000 for 20 consecutive trading days or more within 24 months of the date of the engagement	Convert into 12.5 million ordinary shares of the Company to be issued to Seneca or its nominated accounts

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Each performance share will convert into one fully paid ordinary share upon the relevant milestone being reached and are otherwise on terms consistent with the existing performance shares on issue. The issue of the performance shares is subject to the Company obtaining all necessary ASX and shareholder approvals.

The Company has also agreed to issue Seneca (or its nominees) 30million unlisted options to subscribe for shares with an exercise price of 1.45 times the 5 day VWAP prior to issue, expiring 12 months from issue.

The appointment of Seneca replaces previous agreements with Otsana Capital, EAS Advisors and KTM Capital which have now all ceased. In consideration for the termination of the mandate in place with KTM Capital and all ongoing obligations under the Mandate, Xped has agreed to issue 10million fully paid ordinary shares to KTM Capital (or its nominees) for no cash consideration, which are to be subject to 12 months voluntary escrow.

JCT variation and consideration payment

Xped and JCT have agreed to vary the subsequent payment consideration under the Sale and Purchase Agreement ("SPA") previously entered.

The agreement between both parties replaces the \$1m of consideration shares with \$500,000 cash and \$500,000 of fully paid ordinary shares by way of 14 day VWAP prior to issue, to be issued in July 2017 subject to existing terms being met.

The Company also wishes to advise that it has made a \$250,000 cash payment to the JCT vendor on 5th September as per the terms of the SPA. The Company elected to pay cash instead of issuing fully paid ordinary shares for the consideration payment due.

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As announced on 19th April 2016, the acquisition of JCT would provide for immediate revenue for the Company. The unaudited revenue for JCT for the year ended 30 June 2016 (based on management accounts) was approximately \$1.5m. The provided figure was prior to the acquisition of JCT by Xped occurring on 4th July 2016 and is not a guarantee of future performance.

JCT believes that it is making positive progress in respect of the first milestone under the SPA (\$3m revenue within 12 months of completion) and further updates will be provided as required in due course.

Management Update

The Company also wishes to advise that Mr John Stefanac who held the position of Head Asia has tendered his resignation to the Company and will cease his term with the Company no later than 30 November 2016.

The board would like to wish Mr Stefanac all the very best for the future.

Corporate Website Launch

The Company is in the progress of releasing a new corporate website and has engaged IRM Pty Ltd to complete the work who are recognised for their online investor communications. The new website is expected to go live at the end of September and apart from a new theme and styling will incorporate better menu and content structure and improved investor engagement with news and alerts subscription service.

BY ORDER OF THE BOARD

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Xped Limited



ABOUT XPED

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. It's as simple as two people shaking hands. By enabling the Internet of Things, Xped's ADRC platform will bring benefit to Manufacturers, Retailers, Service Providers and Consumers.

At Xped, we're **Making Technology Easy Again**

FOR MORE INFORMATION:



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