

Xped Limited



XPED ENTERS CYBER-SECURITY SECTOR

Australian Internet of Things (IoT) technology company, Xped Limited ([ASX: XPE](#)) (“Xped” or “the Company”), today announced it entered into a binding term sheet agreement on the 29th of October with Heuresy LLC. The term sheet is subject to two conditions precedent both of which were satisfied on the 14th of December. Under these arrangements both parties will work together to expand the use of Auto Discovery Remote Control (“ADRC”) technologies and App into the cyber-security sector targeting use by United States Government agencies.

Pursuant to the term sheet, Xped has also entered into a further binding term sheet whereby multiple companies will be utilising its technologies to develop a highly secure cybersecurity solution capable of meeting the stringent requirements of the United States Government.

This solution will include, but not be limited to, trusted hardware devices, two-factor authentication, secure messaging, secure Internet of Things (IoT) networking and non-repudiation of events.

The initial focus of product development is a secure email and strong authentication solution targeted mainly at government and military procurement opportunities within the United States, and digital asset exchanges including cryptocurrency exchanges. The objective is for this secure email capability to be integrated into the Xped App giving the App the ability to provide secure messaging in addition to device control, electronic coupon delivery and a smart home dashboard.

In recent times there have been several serious cyber-attacks where insecure IoT devices were hijacked and used to disrupt important Internet based services. The ability to have highly secure IoT devices is something the US Government and others take very seriously. Therefore it is the intention that following on from the initial development, the same strong authentication and encryption solutions will be applied to ADRC based IoT gateways and devices.

Xped is contributing its ADRC technology stack, including the Xped App, and engineering development resources for this opportunity. BiObex LLC (“BiOBex”) is contributing its high-calibre, two-factor authentication solution called SAFE (“Strong Authentication Front End”), including its

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hardware SAFE-Key, and engineering development resources. Heuresy LLC ("Heuresy") Heuresy will supply product integration management, commercialisation strategy, marketing, and sales. The term sheet between Xped, Heuresy and BiObex is for a term of six months unless extended or replaced with further definitive documents.

Each party involved in the binding term sheet arrangements retain ownership of its own patents, trademarks, and other intellectual property. New intellectual property that is developed jointly by Heuresy and Xped will be jointly owned by them.

In addition to the term sheets between Xped, Heuresy and BiOBex, Heuresy has entered into an agreement with a qualified U.S. government contractor to work co-operatively as teaming parties for up to six months in seeking to present and commercialise the solution to agencies and entities of the US Government. The contractor has existing contracts to supply products and services to the US Government and will work with Heuresy to contribute its expertise in cyber-security, deployment, and delivery.

Under the term sheet between Xped and Heuresy, Xped will receive 49% of the net revenues generated by sales to the U.S. Government with the remaining 51% going to the U.S. contractor as is required by law. Heuresy will receive a commission from Xped that will be negotiated on a case by case basis up to a maximum of 10% of Xped's share. A further provision of the term sheet appoints Keith Benson, the Principal of Heuresy, as Xped's Senior Vice President of Marketing and Sales for North America.

The initial arrangement between Xped and Heuresy has a term of 3 months unless extended or replaced with further definitive documents. To date Xped has paid Heuresy US\$40,000 and has a commitment to pay a further US\$60,000 of a total of US\$100,000 under the term sheet. These funds are to be used for initial development activities and can be recovered from future revenues. Xped has no further obligations to fund additional development expenses unless it agrees. The arrangement between Heuresy and Xped incentivises Heuresy through revenue targets to be achieved within a 24 month period.

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Milestone (United States Dollar)	Shares Issued to Heuresy
\$500,000 in revenue received by Xped from United States commercialisation arising from contracts pursuant to the term sheet (within 6 months)	7.5 million shares
\$1,000,000 in cumulative revenue received by Xped from United States commercialisation arising from contracts pursuant to the term sheet (within 12 months)	7.5 million shares
\$2,000,000 in cumulative revenue received by Xped from United States commercialisation arising from contracts pursuant to the term sheet (for any 12 month period within 24 months)	7.5 million shares
\$4,000,000 in cumulative revenue received by Xped from United States commercialisation arising from contracts pursuant to the term sheet (for any 12 month period within 24 months)	7.5 million shares

“Cyber-security is a critical component of any successful IT and IOT solution and the board believes there is an opportunity for revenue to be generated from this agreement and looks forward to bringing progress updates to the market,” Xped Chairman, Mr Peter Hunt, said today.

Peter Hunt
Chairman Xped Limited

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About BiObex

BiObex is a privately owned company founded in 1999. The company's executive and technical management, with over forty years of experience in the information technology industry, has developed multi-factor authentication (MFA) software and hardware for security solutions designed to offer unprecedented protection for today's increased threat environment. www.biobex.com

About Heuresy

Heuresy specialise in cyber security and blockchain. Their founder, Keith Benson, is an electronics and communications systems architect, inventor, and entrepreneur with a proven track record of selling highly technical products into government departments in the US. www.heuresy.com

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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