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Xped Limited

ASX:XPE

Company Update

Australian Internet of Things (IoT) and healthcare technology company, Xped Limited (ASX:XPE) ("Xped" or the "Company") is pleased to provide this market update regarding further progress and developments.

Healthcare Business

JCT Healthcare ("JCT"), a wholly owned subsidiary of the Company, 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.

JCT continues its expansion into delivering assistive technology solutions to independent living facilities. The market faces significant struggles when seeking government-funded aged care services and this rapidly growing market is one that JCT continues to pursue.

In keeping with JCT's vision to develop products that are both innovative and robust, the company understands that the solutions need to be flexible and tailored to meet the demands of customer needs.

Delayed customer deployments placed on hold as a result of COVID-19 restrictions have re-commenced and the last quarter has seen significantly higher levels of engagement with existing and prospective clients.

JCT's Nurse Call Management System "NuCaMs" remains a core component of JCT's strategy with several migrations recently being completed.

JCT continues its work on identifying and developing new solutions for applications to further enhance its market presence. JCT plans to introduce location-based solutions in the next quarter to add to our product offerings.

The long-term outlook for JCT's business is strong. We are cautiously optimistic that we can return to normal operations going forward in this uncertain pandemic environment.

Legacy Issues

There has been no change since the last quarter. The final step in the remediation process for the Penola geothermal well is due to be completed in the coming quarters once we resume work due to the impact of COVID 19. Once completed, a $100,000 security bond will be returned to the Company.

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Business Development and Others

As announced on 9 July 2020, the Company had entered into a termination agreement with Heuresy LLC and Heuresy Labs LLC in respect to the Technology Development Agreement ("Development Agreement"). Pursuant to the termination agreement, the parties agreed to i) terminate the Development Agreement and any obligations and claims arising therefore and ii) the Company shall pay Heuresy A$360,000 or equivalent to about US$250,000 for terminating the Development Agreement. The payment of the A$360,000 shall be made as follows: i) A$50,000 at completion, ii) A$200,000 by issuance of a convertible note and iii) transfer all the shares in Xped Holdings Limited which holds certain patents and the ADRC technologies ("Technologies") to Heuresy. In addition, the parties shall enter into a technology licensing agreement granting the Company the right to resell the products developed using the Technologies and access to the ADRC technology for future development. This Termination Agreement was completed on 13 July 2020.

As announced on 2 January 2020, the Company completed a A$250,000 share placement ("Placement Agreement") with Teko International Limited (Teko). On 28 July 2020, the Company held a discussion with Teko in respect to a potential claim asserted by Teko against the Company for allegedly misrepresenting the Company's unrecorded liabilities, including the Heuresy liability payment above, by its then directors. Teko also has assert that the Company has not performed its obligation to call for a shareholders meeting to approve the issuance of a 250,000 options at an exercise price of A$0.001 exercisable any time up to and including 30 June 2020. The Board believes that there may be some exposure to the Company in respect to the representations made by the then Board members and the issuance of the options. If the Company were to be subject to legal action that could be taken by Teko, there could be no assurance as to the outcome or the costs required to defend any such action. The Company will continue to discuss the issue with our legal advisors and negotiate with Teko to seek the most desirable outcome for the Company and its shareholders.

This announcement has been approved by the Board.

FOR MORE INFORMATION:

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

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Name of entity	
Xped Limited	
ABN	**Quarter ended ("current quarter")**
89 122 203 196	30 September 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	178	178
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(182)	(182)
	(c) advertising and marketing	-	
	(d) leased assets	-	
	(e) staff costs	(62)	(62)
	(f) administration and corporate costs	(131)	(131)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	948	948
1.8	Other - Settlement of Termination Agreement with Heuresy	(50)	(50)
1.9	**Net cash from / (used in) operating activities**	**701**	**701**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**-**	**-**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**-**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	370	370
4.2	Net cash from / (used in) operating activities (item 1.9 above)	701	701
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**1,071**	**1,071**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	1,071	370
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**1,071**	**370**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	701
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,071
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	1,071
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	N/A

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

30 October 2020

Date: .....

The Board

Authorised by: .....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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