

12 May 2015

INT Corporation Ltd
ASX Code: INT



INT SIGNS MERGER AGREEMENT TO ACQUIRE AHLIFE

As announced on 17 March 2015, INT Corporation Limited (ASX:INT) ("**INT**") entered into an exclusive conditional Letter of Intent to acquire AHLife Holdings Inc., a New York based luxury digital marketplace platform ("**AHLife**").

Further to that announcement, the Board of INT is pleased to announce that it has executed a conditional Merger Agreement ("**MA**") to acquire 100% of the issued capital in AHLife ("**Transaction**"). The MA has been agreed to by AHLife's Board of directors and the majority of shareholders in AHLife.

BUSINESS HIGHLIGHTS ¹

- ✔ AHLife is a unique luxury digital marketplace and technology platform where consumers are connected with over 2,000 curated luxury designers and artisans across more than 45 countries.
- ✔ Since its foundation, AHLife has attracted a high quality investment group, who have committed over US\$23M of development funding up to the announcement of this transaction.
- ✔ Existing investors, current board and advisory members of AHLife include the former CEO of Saks Fifth Avenue, current CEO's of Rakuten, Net-a-Porter, William Morris Endeavour and VIP Shop, Former Chairman of LVMH North America and US based venture capital firms DCM and FirstMark Capital.
- ✔ Funds invested to date have been applied towards building an audience of brands and consumers centered on a proprietary enterprise class technology platform that is highly scalable and capable of supporting rapid revenue expansion.
- ✔ AHLife boasts a dynamic leadership team with extensive experience gained from prior work with leading technology companies including 33Across, LucidMedia (acquired by Videology), AOL, yp.com, Amazon.com, IBM and AMEX Publishing.
- ✔ AHLife uses a drop ship model and therefore doesn't carry inventory risk. Given the luxury segment, AHLife earns attractive gross margins after providing free shipping to all US customers.

1. Refer AHLife Business Overview Presentation dated 17 March 2015 for further information prepared by AHLife management.

TRANSACTION HIGHLIGHTS

- ✔ Merger Agreement (MA) signed to acquire 100% of AHLife, subject to INT shareholder approval and re-compliance with Chapters 1 and 2 of the ASX Listing Rules.
- ✔ AHLife is valued at AUD\$37m (USD\$29m) and will be 100% acquire via an issue of 2,114,285,715 INT shares and options (pre-Consolidation) to AHLife shareholders, option holders, employees and warrant holders.
- ✔ The Transaction contemplates a capital raising of a minimum of AUD\$15m ("**Offer**"), will be undertaken concurrently with the Transaction. Blue Ocean Equities will be acting as the lead manager to the Offer.
- ✔ Funds raised under the Offer will be used as growth capital to fund AHLife's sales, marketing and development activities, to extinguish debt and pay Transaction expenses and for general working capital.
- ✔ INT intends to change its name to AHLife Holdings Limited (ASX: AHL).

BUSINESS OVERVIEW

Founded in New York, AHAlife has developed a luxury digital marketplace platform which offers consumers the opportunity to purchase high quality goods directly from a network of boutique luxury lifestyle brands from all over the world.

In October 2013, Bain & Company estimated the on-line luxury market to be AUD\$14bn, which is growing faster than the total global luxury lifestyle market estimated to be AUD\$310bn². The global luxury market is a subset of the much larger online mass retail market. AHAlife is focussed on the curated affordable luxury end of the online retail market which remains open by comparison to the mass market orientated segment targeted by companies such as Etsy, Amazon and ebay.

AHAlife is a curated destination for discovering over 2,000+ designers and artisans from 45+ countries. The business searches the globe to find exceptional, quality objects for every aspect of its customer's lives. AHAlife appoints a selected number from the hundreds of applications per month it receives from brands applying to join its network.

The AHAlife team curates the brand applications in addition to targeting specific brands and also leverages its network of 'tastemaker curators' to find the best quality unique luxury lifestyle brands. AHAlife represents the sole or primary direct-to-consumer vehicle for the majority of brands featured in the marketplace.

The company has received multiple rounds of funding to date from leading industry participants across venture capital, fashion, luxury and lifestyle industries to build a highly scalable enterprise strength "marketplace platform". Through the agreement with INT and a public listing on the ASX, AHAlife seeks to raise sufficient funds to accelerate its customer acquisition strategy and leverage its digital platform.

2. Bain & Co Oct 2014 Annual Global Luxury Study

MATERIAL TERMS OF THE MERGER AGREEMENT ("MA")

- ✔ The Transaction to be undertaken via the formation of a wholly owned subsidiary of INT, which will undertake a merger with AHAlife Holdings Inc. pursuant to the laws of the State of Delaware, United States of America.
- ✔ Upon completion, the INT Board will be restructured. Messrs Mike Hill and Michael Everett to remain as directors of INT following completion, with their existing shareholdings to be voluntarily escrowed until 16 August 2016. Messrs Jonathan Pager and Philip Kapp will resign from the INT Board. Ms Shauna Mei and Mr Sachin Devand will be appointed as directors of INT at completion.
- ✔ Under the terms of the Merger Agreement, existing AHAlife options will be rolled into INT options. These existing AHAlife options are held by approximately 30 AHAlife employees and have certain cascading vesting conditions attached. Some of these AHAlife options have already vested, and will remain so, once converted into equivalent INT options.
- ✔ The Merger Agreement is subject to and conditional upon certain conditions being satisfied or waived, including:
 - ✔ INT shareholder approval and re-compliance with Chapters 1 and 2 of the ASX Listing Rules;
 - ✔ Approvals as required by all government and regulatory authorities;
 - ✔ AHAlife board approval (this condition was satisfied at the time of execution of the Merger Agreement);
 - ✔ No material adverse effect occurring with respect to INT or AHAlife;
 - ✔ Due diligence being completed on AHAlife to the satisfaction of INT;
 - ✔ A capital raising being completed of no less than AUD\$15m;
 - ✔ All outstanding warrants and preferred stock in AHAlife being converted to common stock at or prior to completion;
 - ✔ Shareholders in AHAlife representing:
 - (i) a majority of the issued and outstanding shares in AHAlife and;

- (ii) a majority of the issued and outstanding senior preferred shares in AHALife approving the Transaction (this condition was satisfied at the time of execution of the Merger Agreement);
- ☑ Shareholders of AHALife with greater than 2% of the issued capital in AHALife, including Ms Mei and Mr Devand, agreeing to a voluntary escrow until 16 August 2016 (in addition to any ASX imposed escrow);
 - ☑ Ms Mei and Mr Devand agreeing to non-compete agreements (of up to 3 years);
 - ☑ Existing AHALife debt to be repaid at completion via the capital raising; and
 - ☑ Standard commercial warranties from AHALife.

INCENTIVE SECURITIES

As part of their proposed appointment to the INT Board, Ms Shauna Mei (CEO) and Mr Sachin Devand (CTO) will be granted (subject to INT shareholder approval) a combination of options, performance rights and loans to acquire shares (collectively referred to as the Incentive Securities), to align their interests with that of shareholders of INT if they create shareholder value.

In total, it is proposed that 380,000,000 (pre-Consolidation) Incentive Securities are issued to Ms Mei and Mr Devand. The terms of the Incentive Securities are as follows:

- ☑ 100,000,000 unvested Executive Options, each exercisable at \$0.01 (pre-Consolidation) per option, which vest after 3 years of employment with INT and when the 20 day VWAP of INT's share exceed \$0.0375 (pre-Consolidation) per share.
- ☑ 100,000,000 unvested Performance Options, each exercisable at \$0.015 (pre-Consolidation) per option, which vest after 3 years of employment with INT and when AHALife's revenue in a rolling 12 month period exceeds U\$20m.
- ☑ 100,000,000 unvested Performance Rights, which vest after 4 years, when the 20 day VWAP of INT's share price exceeds \$0.06 (pre-Consolidation) per share and when AHALife's reported EBIT in a rolling 12 month period exceeds US\$2m and monthly cash generated from sales is equal or higher than monthly expenditure within this period.
- ☑ 80,000,000 unvested Loan Shares, which are loans provided by INT to acquire shares at \$0.0225 cents (pre-Consolidation), wherein the shares will be subject to a cascading escrow period tied to the continuous employment periods of the shareholder and when the 20 day VWAP of INT's share price exceeds \$0.075 (pre-Consolidation) per share. In consideration for receiving these unvested Loan Shares, Ms Mei will invest a minimum of \$200,000 directly in the Company, and Mr Devand will invest a minimum of \$100,000 directly in the Company.

All Options and Performance Rights will expire 12 months after the last vesting date. All unvested Incentive Securities will be cancelled in the event that Ms Mei or Mr Devand his or her employment with the Company.

PRO FORMA CAPITAL STRUCTURE - AT COMPLETION (pre-Consolidation)

Share Capital	
Existing issued Shares INT	277,896,636
Consideration Shares for AHALife ⁴	1,930,720,609
Loan Shares (as part of Incentive Securities)	80,000,000
New Shares pursuant to Offer	TBD
Options/Performance Rights Capital	
Existing INT Options ⁵	90,550,000
Consideration Options for AHALife (rolled over AHALife employee options) ⁶	183,565,105
Other Incentive Securities ⁷	300,000,000

⁴ The Merger agreement allows for these to be adjusted depending on holders elections pre completion.

5 Of these existing INT options, 77,750,000 options are unvested and exercisable at 1 cent per option.

6 As noted previously, under the terms of the Merger Agreement, existing AHALife options will be rolled into INT options. Most of these AHALife options have vesting conditions, and some of these AHALife options have already vested, and will remain so, once converted into equivalent INT options.

7 Comprised of the 100,000,000 unvested Executive Options, 100,000,000 unvested Performance Options and 100,000,000 unvested Performance Rights proposed to be issued to Ms Mei and Mr Devand as part of their appointment to the INT Board.

INT will undertake a consolidation of its securities at a ratio to be determined as necessary to re-comply with ASX Listing Rules ("**Consolidation**").

SHAREHOLDER APPROVAL

INT will finalise the Notice of Meeting required for shareholder approval in the coming weeks with a view to despatching as soon as possible to INT shareholders.

INDICATIVE TIMETABLE*

The indicative timetable for completion of the transaction and INT's re-compliance with the ASX listing rules is outlined below:

Event Date	
Despatch Notice of Meeting	May 2015
General Shareholder Meeting	June 2015
Lodgement of prospectus with ASIC	June 2015
Closing date of offer under the prospectus	July 2015
Despatch holding statements	July 2015
Re-quotation of shares on ASX	July 2015

** This timetable is indicative only and subject to change.*

CONTACT FOR FURTHER INFORMATION

For further information please contact Andrew Whitten, Company Secretary on Ph 02 8072 1425.

Mike Hill
Chairman
INT Corporation Ltd