



HealthLinx Limited

## HEALTHLINX LIMITED

ACN 098 640 352

### **HTX Enters Binding Term Sheet to Acquire Manalto Inc., an Emerging Enterprise Social Media Software Business**

1 October 2014

Healthlinx Limited ("the Company" or "HTX") is pleased to announce that it has entered into a binding term sheet to acquire 100% of the issued share capital of US based Manalto Inc. ("Manalto"), a Delaware corporation. Manalto is an emerging software as a service (SaaS) business in the rapidly growing social media sector. Manalto has developed, and owns, software which provides an end-to-end social media management solution turning social media into an enterprise grade distribution channel for sales and marketing.

Implementation of the transaction will, among other things, be subject to shareholder and regulatory approvals as well as completion of a minimum capital raising of \$4 million up to a maximum \$6 million. The parties are working with their respective advisors to complete definitive agreements for the share sale and capital raising documents as well as necessary documentation to convene a shareholder meeting.

#### **Transaction Highlights**

- HTX enters a binding agreement with Manalto Inc., [www.manalto.com](http://www.manalto.com)
- Manalto has quickly generated a reputation as an emerging player in the social media management space
- Manalto's product offering addresses an increasing problem for any head office of how it can effectively manage the communication, distribution, control and governance of branding, messaging and user management across multiple social media platforms with alignment to its organisational head office/ multi branch, brand or product structure
- Manalto provides the tools for rigorous user management, brand management and social media engagement driven by head office, while also allowing local offices to continue to generate content for their specific audiences
- Manalto's software also consolidates all data received from social media assets into a central dashboard, providing executives of both head and local offices with insight and understanding into how they are connecting with their customers
- Manalto is now commercialising its software and generating revenue and requires expansion capital to further promote its offering and develop and service the demand for its software

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The board of HTX has assessed many opportunities to restore shareholder value since the Company completed its Deed of Company Arrangement on 30 January 2014 and believes the proposed transaction with Manalto is an excellent outcome for the Company.

Trent Telford, Chairman of HTX, commented, *“The Company is delighted with this proposed transaction. Growth in social media continues at compelling levels and new opportunities continue to arise in how business can reach new markets and audiences. Social media strategies are becoming a critical platform in the way businesses now promote and market themselves. These strategies are however still evolving as is the data that they generate. The Manalto software allows a business with many offices each with their own social media assets to be consolidated centrally. This allows head office to achieve greater efficiencies, rigor and co-ordination supporting social media risk management, brand consistency and effective user management, as well as to drive marketing messages through their social media assets and govern consistency in corporate positioning while also allowing each individual office to still connect and engage with their local audience.*

*Furthermore, the software consolidates the data and interaction generated through each of the social media assets to a central dashboard providing businesses for the first time a true understanding on how their customers are reacting to the business and its promotion through social media. This data is providing valuable insight to a company’s customer base, which head offices have never before been able to access.”*

The Terms Sheet is conditional upon the following being satisfied:

- The parties completing an initial due diligence investigation into each other within 14 days of the date of the Terms Sheet.
- Manalto procuring that each of its shareholders (as vendors) enter into a binding share sale agreement, on terms consistent with the Terms Sheet, pursuant to which they each agree to sell their Manalto shares to HTX. The binding agreement is to be executed within 45 days of the Terms Sheet.
- HTX obtaining all necessary shareholder and regulatory approvals necessary for implementation of the Terms Sheet, including approvals required under the ASX Listing Rules and the Corporations Act 2001 (Cth) within 120 days of the date of the Terms Sheet.
- HTX conducting and completing a capital raising of between \$4 million and \$6 million (**Capital Raising**) within 120 days of the date of the Terms Sheet. Funds raised through the Capital Raising will (after costs) primarily be applied to the working capital requirements of the Manalto business, however a portion of the funds raised also will be used to fund existing accrued liabilities of HTX and Manalto.
- The Capital Raising to be conducted by way of a placement of ordinary HTX shares offered under a prospectus, full details of the terms of the Capital Raising will be set out in that prospectus.

The dates set out above for satisfaction of the conditions are indicative, and Manalto and HTX have agreed to act reasonably to agree to extensions to accommodate delays.

The purchase price payable to the Manalto vendors (being the shareholders of Manalto) will be satisfied wholly through the issue of ordinary HTX shares. The Terms Sheet provides for an acquisition on the basis of a valuation of Manalto (on a fully-diluted basis) of \$12.5 million and a

valuation of HTX of \$1.25 million (although these figures are subject to potential adjustments for certain liabilities and cash held by either party at completion). Accordingly, while the exact number of HTX consideration shares to be issued is not known, the indicative capital structure of the Company following completion of the acquisition is set out below:

	Assuming \$4m Capital Raising		Assuming \$6m Capital Raising	
	Value	%	Value	%
Existing HTX shareholders	AUD\$1.25m	7.04%	AUD\$1.25m	6.34%
Capital Raising investors	AUD\$4.00m	22.54%	AUD\$6.00m	30.37%
Manalto vendors	AUD\$12.50m	70.42%	AUD\$12.50m	63.29%
<b>Total</b>	<b>AUD\$17.75m</b>	<b>100%</b>	<b>AUD\$19.75m</b>	<b>100%</b>

Under the Terms Sheet the parties have agreed that Manalto will conduct a preliminary capital raising anticipated to involve an issue of convertible promissory notes in Manalto (**Manalto Preliminary Raising**). A sum of up to \$370,000 (**HTX Advance**) from the funds raised under the Manalto Preliminary Raising will be advanced to HTX as a loan. HTX intends to apply those funds towards the costs of implementing the transaction and to fulfilling outstanding commitments under the Company's deed of company arrangement executed on 2<sup>nd</sup> September, 2013. In the event that the acquisition of Manalto is completed, the valuation attributable to HTX will be reduced by any amounts up to a maximum of \$250,000 drawn by HTX under the HTX Advance and applied as satisfaction of any DOCA related obligations. In the event that the acquisition of Manalto does not complete, up to \$250,000 of the HTX Advance will be repayable to Manalto within 12 months and the balance of the HTX Advance (if any) will be forgiven and released.

Subject to completion of due diligence, the Company intends to prepare a notice of meeting (**NoM**) to seek the shareholder approvals required to implement the Terms Sheet, which will include an independent expert's report with an opinion as to whether the proposal is fair and reasonable to the existing HTX shareholders.

On completion of the transaction Manalto will have the right to appoint up to three new directors to the Board of the Company, and all but one of the current Board will resign. Further details of the proposed make-up of the Company's Board following completion of the acquisition will be set out in the NoM.

The Company will continue to update shareholders as this transaction progresses and is excited by the prospects that it brings.

For and on behalf of the board



Michael Quinert  
Director