

Xped Limited



Acquisition of JCT Healthcare

Highlights

- Xped to proceed forward and acquire all of the issued capital in Jackson Care Technologies and JCT Healthcare (JCT)
- Variation agreed to heads of agreement with favourable terms negotiated
- JCT founder Eddie Jackson appointed as CEO of JCT Group
- Xped to capitalise on IoT technology requirements in Eldercare Healthcare sector
- Accelerated growth model for JCT to be implemented in the 2016 July quarter

JCT Group Acquisition

Xped Limited (**ASX: XPE**) ("**Xped**" or "**the Company**") is pleased to announce that in accordance with the Heads of Agreement (announced to the ASX on 19th April 2016) entered into between Xped and the shareholder of JCT Healthcare Pty Ltd and Jackson Care Technologies Pty Ltd (**JCT**), both Xped and the vendor have formally and satisfactorily completed their Due Diligence in respect of the acquisition of all of the issued capital (**Sale Shares**) in JCT (**JCT Acquisition or Transaction**).

The parties have agreed to vary certain terms of the Heads of Agreement as previously announced and the amended key terms on which the Transaction will now proceed are defined under the Transaction Overview below. The parties will proceed to negotiate a formal Sale and Purchase Agreement ("SPA") on the basis of the agreed amended terms.

Transaction Overview

Under the terms of the Heads of Agreement and subsequent variation deed, the Company has reached agreement with the shareholder to acquire 100% of the issued capital of JCT.

In consideration for all of the Sale Shares, the Company will:

- Make payment of \$750,000 cash at completion of the acquisition and
- Make payment of a further \$750,000 cash subject to following conditions being met:
 - new agreements being entered with channel partners and resellers which provide for minimum aggregate purchase commitments of \$1,000,000 (within 12 months) ;
 - binding manufacturing supply agreement being entered into with key supplier for JCT product line (within 12 months)

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- The above cash payments are subject to working capital and cash adjustments.
- Issue \$1.25million worth of XPE Shares to the JCT Vendor as part of the purchase price (**Consideration Shares**):
 - the first \$250,000 worth of XPE Shares ('Initial Consideration Shares') being issued and listed on ASX within 60 days of completion of the acquisition (\$250,000 cash payment in lieu of shares if failure to issue shares within timeframe); and
 - the balance \$1million worth of XPE Shares ('Subsequent Consideration Shares') being issued 12 months from the date of the acquisition, subject to Eddie Jackson remaining engaged by the Company at that time.
- The issue price of the Consideration Shares will be the 20 day VWAP prior to:
 - In the case of the Initial Consideration Shares, the date of issue of the Initial Consideration Shares; and
 - In the case of the Subsequent Consideration Shares, prior to completion.
- Make available a \$500,000 draw-down facility to JCT to fund working capital requirements at Xped's discretion.

It is noted that the performance milestones for JCT are defined by 3 separate and distinct events as noted below:

Performance Milestone 1:

Cash payment of \$500,000 from Xped. The milestone to be met is when JCT generates \$3m of revenue within 12 months from 1st July 2016 and has a gross profit margin of minimum 50% for that period.

Performance Milestone 2:

Cash payment of \$500,000 from Xped. The milestone to be met is when JCT generates \$6m of revenue within 18 months from 1st July 2016 and has a gross profit margin of minimum 50% for that period.

Performance Milestone 3:

Cash payment of \$500,000 from Xped. The milestone to be met is when JCT generates \$12m of revenue within 24 months from 1st July 2016 and Xped Care has a gross profit margin of minimum 50% for that period.

Xped has agreed that it will provide no less than \$1.5million (less any amount drawn down under the facility set out above) in working capital to JCT after completion. Failure to do so will result in all milestones being deemed satisfied.

It is intended that JCT will have no material liabilities on settlement that have not been adjusted for other than BioSA loan of \$230K. An adjustment to the purchase price is to be undertaken in respect of receivables, payables and inventory.

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The completion of the acquisition of JCT is proposed to be subject to a number of conditions precedent, including:

- (a) the parties entering a formal sale and purchase agreement on terms consistent with the HOA and subsequent variation deed. Each party has agreed to cooperate in good faith and use all reasonable but commercially prudent endeavours to negotiate the terms of the formal SPA within 15 days;
- (b) all necessary ASX and ASIC approvals, waivers and confirmations being obtained by Xped in respect of the JCT Acquisition;
- (c) all necessary shareholder approvals being obtained by both Xped and JCT in respect of the JCT Acquisition; and
- (d) the vendor (or his nominee) being engaged as chief executive officer of JCT on terms previously announced.

The balance of the conditions precedent are to be satisfied by 30 June 2016. Xped has agreed to payment of a \$50,000 break fee if the HOA is terminated in specific circumstances and a \$100,000 break fee if any required shareholder approvals are not obtained in specific circumstances.

Upon completion of the JCT Acquisition, the founder of JCT will join the Xped group as the CEO of JCT.

The timing and completion of the Xped Acquisition will depend on the satisfaction of the conditions precedent, which in some cases are not within the control of the Company. If the conditions precedent are not satisfied or waived by the agreed date, the parties have rights to elect to not proceed with the JCT Acquisition.

Both Xped and JCT have agreed to co-operative in good faith and use all reasonable endeavours to enter the SPA on terms consistent with those set out above and to use their reasonable endeavours to ensure the conditions precedent to the Transaction are satisfied, with the main objective being to complete the Transaction to add significant value to all shareholders.

By Order of the Board

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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.*

ABOUT JCT HEALTHCARE

JCT Healthcare Pty Ltd (JCT) are a quality provider of communication solutions to the Healthcare sector with products that are tailored for Hospitals, Aged Care, Independent Living and Disability Care.

Arguably the driving force in the JCT business is its commitment to ongoing research and development. Based on the intimate knowledge of its customers' needs and its own studies of changing market trends, JCT continually strives to create relevant technological breakthroughs to ensure it can provide its customers with the necessary technology to drive their business. This is evident by the release of its patented PoE4000 nurse call series that delivers true Internet Protocol (IP) and Power Over Ethernet (POE) to each nurse call point.

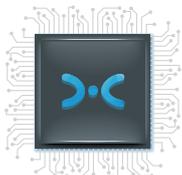
JCT's products are Ctick, CE & FDA approved so it is always looking for resellers worldwide.

FOR MORE INFORMATION:

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