MCI Onehealth Seeking Approval for Debt Financing of up to $1.5M

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TORONTO, April 27, 2023 (GLOBE NEWSWIRE) -- MCI Onehealth Technologies Inc. ("MCI" or the "Company") (TSX: DRDR), a clinician-led healthcare technology company focused on increasing access to and quality of healthcare, announced today that it is seeking the approval of the Toronto Stock Exchange for an additional $1,500,000 million debt financing facility from The First Canadian Wellness Co. Inc. (the "Lender"), a related party to the Company, to fund its ongoing operations and for general and administrative expenses while it continues to work towards longer term growth and stability.

"We are thrilled to have the continued support of our major shareholders and other key stakeholders," said Dr. Alexander Dobranowski, CEO of the Company. "This new financing facility, once approved, will help alleviate some of the immediate pressure on the Company's cash flow needs and will allow us to focus our efforts on identifying longer term solutions to the Company's current financial and operational challenges."

The Proposed Facility

The proposed new financing would be made available to the Company under a second amended and restated loan agreement (the "2nd A&R Agreement"), which amends and restates the current agreement between the Company and the Lender in respect of their existing $7,000,000 debt facility (the "Existing Facility").

Under the terms of the 2nd A&R Agreement, the Lender would make an additional $1,500,000 facility available to the Company (the "New Facility"). The New Facility may be drawn down in increments of $750,000, subject to the Lender's approval in its sole and absolute discretion, and is repayable on the earlier of (a) April 30, 2024, (b) the date that there is a change of control of the Company, or (c) the date of any refinancing of the Company. Subject to the consent of the Company's senior lenders, the Company may prepay the New Facility at any time without penalty, and the Company has agreed that it will apply the net proceeds from the sale of certain of its non-core assets to prepay amounts outstanding under the New Facility. The New Facility would be secured by the same security and guarantees applicable to the existing loan, which grant the Lender security over substantially all of the property and undertaking of the Company and its subsidiaries.

In addition to the provision of the New Facility, the 2nd A&R Agreement extends the term of the Existing Facility until April 30, 2024.

The New Facility would not bear interest, but would require the Company to pay a $75,000 set-up fee as well as a monthly fee equal to 1.67% of the principal amount outstanding under the New Facility on the first of each month, pro-rated for the first month the New Facility is in place. These fees would be payable to the Lender on demand, on 10 business days prior written notice, in either cash or Class A Subordinate Voting Shares of the Company ("Shares") at the election of the Lender. If the Lender elects to be paid all or a portion of the fees in Shares, the Shares will be valued at their fifteen-day VWAP on the date a demand for payment is made, or, subject to the requirements of the Toronto Stock Exchange, at such other price as the Company and the Lender may agree. All payments in Shares are subject to the future approval by the Toronto Stock Exchange and, in the absence of such approval, will be paid in cash. No demand for payment of fees may be made before July 1, 2023, unless an acceleration event has occurred under the loan and security agreements.

Related Party Approval Requirements

Dr. George Christodoulou and Dr. Sven Grail, directors, co-Chairs and control persons of the Company, control the Lender, and Mr. Kingsley Ward and Mr. Anthony Lacavera, directors of the Company, each have a 1/6th financial interest in the New Facility (such persons collectively, the "Interested Parties"). Accordingly, the 2nd A&R Agreement constitutes a related party transaction under the Toronto Stock Exchange Company Manual (the "Company Manual") and under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101").

Pursuant to the Company Manual, the 2nd A&R Agreement has been approved by those directors of the Company who do not have an interest in the 2nd A&R Agreement, with interested directors abstaining from voting and deliberations on the approval. Because the total consideration paid and payable to insiders over the term of the Existing Facility and the New Facility, if implemented, would exceed 10% of the market capitalization of the Company, the New Facility is also subject to a majority-of-the-minority shareholder approval requirement under the Company Manual. The Company has obtained the written consent of the holders of securities of the Company entitled to more than 50% of the votes attributable to all issued and outstanding shares, excluding those held or controlled by the Interested Parties, and is seeking the approval of the Toronto Stock Exchange to waive the requirement for a formal shareholder meeting on that basis. The Company expects to receive the decision of the Toronto Stock Exchange on or before May 4, 2023 and, if approval is obtained, expects to close on the New Facility on the following business day.

The Company is exempt from the formal valuation requirement under MI 61-101 as the fair market value of the New Facility does not exceed more than 25% of the market capitalization of the Company as of the date of the 2nd A&R Agreement. The Company is also exempt from the minority approval requirement under MI 61-101 on the foregoing basis. The Company did not file a material change report 21 days in advance of implementing the New Facility due to the Company's financial condition and need for short-term working capital as soon as possible.

The total consideration paid and payable to the Lender in connection with the Existing Facility and the New Facility, if implemented, using today's prime rate of interest and assuming the Existing Facility and the New Facility are both fully drawn down and will remain outstanding until their maturity date on April 30, 2024 would be approximately: $1,932,896, of which approximately $62,600 is attributable to Mr. Kingsley Ward and $62,600 to Mr. Anthony Lacavera. The number of Shares that may be issued to the Lender under the New Facility is dependent on, among other things, the timing of the demand(s) for payment of the fees due on the New Facility, the amount of fees that have accrued, the fifteen-day VWAP of the Shares on the date of demand, and the availability of future TSX approval for the issuance of the Shares.

The extension of the New Facility to the Company is conditional on the Company obtaining the approval of the Toronto Stock Exchange.

About MCI
MCI is a healthcare technology company focused on empowering patients and doctors with advanced technologies to increase access, improve quality, and reduce healthcare costs. As part of the healthcare community for over 30 years, MCI operates one of Canada's leading primary care networks with approximately 280 physicians and specialists, serves more than one million patients annually. MCI additionally offers an expanding suite of occupational health service offerings that support a growing list of more than 650 corporate customers. Led by a proven management team of doctors and experienced executives, MCI remains focused on executing a strategy centered around acquiring technology and health services that complement the company's current roadmap. For more information, visit mcionehealth.com.

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Forward Looking Statements

Certain statements in this press release, constitute "forward-looking information" and "forward looking statements" (collectively, "forward looking statements") within the meaning of applicable Canadian securities laws and are based on assumptions, expectations, estimates and projections as of the date of this press release. Forward-looking statements include statements with respect to the availability of Toronto Stock Exchange approval for the New Facility, the Company's projected liquidity; the availability of advances under the New Facility; the anticipated cost of the New Facility and the method of payment; the possibility of a sale of certain non-core assets of the Company; and the Company's work towards longer term growth and stability. The words "continues to", "future", "elects", "potential", "intend", "consider", "possible", "available", "progress", "apply", or variations of such words and phrases or statements that certain future conditions, actions, events or results "will", "may", "could", "would", "should", "might" or "can", or negative versions thereof, "occur", "continue" or "be achieved", and other similar expressions, identify forward-looking statements. Forward-looking statements are necessarily based upon management's perceptions of historical trends, current conditions and expected future developments, as well as a number of specific factors and assumptions that, while considered reasonable by MCI as of the date of such statements, are outside of MCI's control and are inherently subject to significant business, economic and competitive uncertainties and contingencies which could result in the forward-looking statements ultimately being entirely or partially incorrect or untrue. Forward looking statements contained in this press release are based on various assumptions, including, but not limited to, the following: MCI's short-term working capital needs, the availability of working capital and liquidity and the Company's ability to continue to operate as a going concern; the availability of Toronto Stock Exchange approval for the New Facility and the terms on which that approval may be obtained; the anticipated cost of the New Facility and MCI's ability to repay that facility; MCI's ability to sell certain non-core assets, and the terms and anticipated pricing of such sales; MCI's ability to secure additional debt or equity financing and the terms on which that financing may be secured; MCI's ability to achieve its growth and revenue strategies; the demand for MCI's products and fluctuations in future revenues; the availability of future business ventures, commercial arrangements and acquisition targets or opportunities and MCI's ability to consummate them and to effectively integrate future acquisition targets into its platform; the effects of competition in the industry; the requirement for increasingly innovative product solutions and service offerings; trends in customer growth; the stability of general economic and market conditions; currency exchange rates and interest rates; MCI's ability to comply with applicable laws and regulations; MCI's continued compliance with third party intellectual property rights; the anticipated effects of COVID-19; and that the risk factors noted below, collectively, do not have a material impact on MCI's business, operations, revenues and/or results. By their nature, forward-looking statements are subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct, and that objectives, strategic goals and priorities will not be achieved.

Readers are encouraged to review the "Liquidity and Capital Resources" section of the Company's MD&A, together with Note 2(c) of the Company's financial statements, for the year ended December 31, 2022, which indicate the existence of material uncertainties that cast significant doubt on the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on, among other things, its ability to meet its financing requirements on a continuing basis, to have access to financing and to generate positive operating results. The Company's ability to satisfy its financing requirements and ultimately achieve necessary levels of profitability and positive cash flows from operations, to raise additional funds and to improve operating results are dependent on a number of factors outside the Company's control and there can be no assurance that the Company will be able to do so in the future.

Known and unknown risk factors, many of which are beyond the control of MCI, could cause the actual results of MCI to differ materially from the results, performance, achievements or developments expressed or implied by such forward-looking statements. Such risk factors include but are not limited to those factors which are discussed under the section entitled "Risk Factors" in MCI's annual information form dated March 31, 2023, which is available under MCI's SEDAR profile at www.sedar.com. The risk factors are not intended to represent a complete list of the factors that could affect MCI and the reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future. MCI disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law. All of the forward-looking statements contained in this press release are qualified by these cautionary statements.