



MCI Onehealth Enters into Agreements with WELL Health to Sell Clinical Assets, Raise New Financing and Empower its AI-Focused Digital Healthcare Business

July 20, 2023

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- MCI will undergo a series of transactions that will empower its emerging AI-powered data science business, which aims to help clinicians safely and securely unlock the power of their data to improve patient outcomes.
- MCI will sell a significant portion of its clinical assets to WELL Health Clinic Network Inc., a subsidiary of WELL Health Technologies Corp., and obtain new financing as well as a strategic alliance with WELL; positioning it to emerge as a key national platform in the multi-billion dollar rare and complex disease detection digital marketplace.
- MCI will have a healthy balance sheet at closing, with positive working capital and a pipeline of opportunities to grow organically and inorganically in a marketplace being quickly disrupted by AI.

TORONTO, July 20, 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 has entered into definitive agreements with WELL Health Technologies Corp. ("WELL"), that will result in MCI selling a significant portion of its clinical assets to WELL Health Clinic Network Inc., obtaining new financing and positioning MCI to emerge as a key national platform with a strong focus on AI-powered healthcare technology and clinical research (the "Transaction").

The Transaction is the outcome of a review of strategic alternatives which has been underway for over a year, under the supervision of a special committee of the Company consisting of two of its independent directors. Implementation of the Transaction is conditional on the receipt of all required approvals from the Toronto Stock Exchange ("TSX"), regulatory bodies and the shareholders of the Company, as well as the satisfaction of other conditions precedent.

"Through this strategic transaction with WELL and its partners, MCI is taking a dramatic step forward in its plan to become a leader at the cutting-edge of data science, artificial intelligence and healthcare," **said Dr. Alexander Dobranowski, CEO of the Company.** "Revitalized and recapitalized, and building off the established track-record of sector innovator Khure Health's AI-driven rare and complex disease detection technology, we will be in an excellent position to become a market leader in the healthcare-AI space. Supported by our partnership and strategic alliance with WELL, we will have the tools we need to compete and innovate in the fast-paced area of healthcare-AI, both domestically and internationally, with the aim of improving care pathways and facilitating early disease detection."

Hamed Shahbazi, Founder and CEO of WELL commented: "We are pleased to welcome MCI's clinics, doctors and patients to the WELL family and look forward to being an engaged and helpful investor and strategic partner of MCI as it accelerates towards becoming an AI- and data-science-focused pureplay company and leader."

About the Transaction

Pursuant to the definitive agreements executed by the parties on July 19, 2023, the Transaction will be comprised of the following key elements:

Bridge Financing

WELL is advancing \$3 million to the Company under a secured promissory note, to provide the Company with working capital to stabilize its business, continue to operate in the ordinary course and to accelerate the pursuit of its strategic plan during the interim period between signing and closing. The note bears interest at a rate of prime plus 9%, which will accrue and be payable, along with all outstanding principal, on the earlier of four months or the date the Transaction closes. The promissory note is secured against all of the present and after acquired personal property of the Company and its subsidiary, MCI Medical Clinics Inc.

Convertible Debenture Financing

The Company will complete a convertible debenture financing to raise between \$7.5 million and \$10 million, to fund working capital and support future M&A activity while it focuses on growing its data-driven, AI-enabled healthcare technology offerings. WELL will participate in the financing as lead investor, for a minimum of \$2.5 million of the total financing.

The debentures will be unsecured obligations of the Company, mature 5 years from the date the financing closes, and bear interest at a rate of 10% per annum, which will be payable at maturity. The principal and interest outstanding under the debentures will be convertible into Class A Subordinate Voting Shares of the Company ("Class A Shares") at any time, at the option of the holder, at a conversion price of \$0.20/share. Participants in the convertible debenture financing will also receive, for every \$1 of debentures, 5 warrants for Class A Shares exercisable at a price of \$0.20/share.

The financing is conditional on, among other things, the Company obtaining approval from the TSX and its shareholders for the proposed conversion and exercise price of the debentures and warrants, as well as the size of the raise and corresponding dilution.

Sale of Ontario Clinics

The Company will sell to WELL, under an asset purchase agreement between their respective subsidiaries, eleven of its fourteen medical clinics in Ontario, along with other related assets, for a purchase price of \$1.5 million.

The acquired clinics will join WELL's extensive and efficiently run network of clinics, the largest owned and operated network in Canada, ensuring stability and continued quality of care for patients and healthcare professionals. The Company's flagship Polyclinic group of clinics will be retained by the Company, and will continue to contribute to the Company's technology-enabled healthcare research offerings.

The sale of the Ontario clinics is subject to standard closing conditions typical for transactions of a similar nature and kind, and is expected to close concurrently with the convertible debenture financing noted above.

Secured Debt Resolution

In connection with the Transaction, it is anticipated that the Company will fully satisfy and discharge its outstanding secured credit facility with TD Bank. The Transaction also contemplates a solution for the Company's existing secured credit facilities with The First Canadian Wellness Co. Inc. (the "Lender"), a related party to the Company, under which the Company presently owes an aggregate of approximately \$9.0 million in principal and accrued fees and interest. Under the definitive agreements for the Transaction:

- The Company will deliver, as soon as reasonably practicable and subject to TSX, shareholder and third-party approvals, certain non-core assets to the Lender in full satisfaction of the \$1.5 million facility that was made available to the Company by the Lender on May 18, 2023 (the "New Facility").
- The Company will pay \$600,000 to the Lender to partially satisfy the balance of the Company's outstanding obligations to Lender.
- WELL will purchase the remainder of the secured credit facility from the Lender and, at closing of the Transaction, will settle, compromise, release or otherwise discharge the obligations of the Company and certain of its subsidiaries under that facility.

As a result of the foregoing, it is anticipated that the obligations of the Company and certain of its subsidiaries under the secured credit facility from the Lender will be satisfied and discharged through the Transaction, with the balance of the Company's subsidiaries to be discharged post-closing following the satisfaction of certain conditions. This element of the Transaction is not conditional on the completion of other aspects of the Transaction.

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. As such, the transfer of the Non-Core Assets to the Lender constitutes a related party transaction under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101").

The transfer of the non-core assets to the Lender in satisfaction of the New Facility has been unanimously approved by those directors of the Company who do not have an interest in the transaction, with interested directors abstaining from voting and deliberations on the approval. The Company is exempt from the formal valuation requirement under MI 61-101 as the fair market value of the non-core assets does not exceed more than 25% of the market capitalization of the Company on the date the transfer was agreed to. 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 transfer as arrangements for the transfer of the non-core assets to the Lender in satisfaction of the New Facility were only recently settled.

Call Option

WELL will be granted a call option from certain shareholders of the Company, which gives WELL the right to acquire up to 30.8 million Class A Shares and 30.8 million Class B Multiple Voting Shares of the Company ("Class B Shares") representing an aggregate of approximately 81.5% of the votes attributable to all issued and outstanding shares of the Company.

The exercise of the option is conditional on the achievement by the Company of a number of performance milestones designed to demonstrate improvements in the Company's financial and capital markets performance, as well as obtaining any required TSX or regulatory approvals. The option can only be exercised in pairs, such that WELL must concurrently acquire a Class A Share and a Class B Share, and is exercisable for 36 months post-closing. The exercise of the call option is expected to proceed under the private agreement exemption in National Instrument 62-104 – *Take-over Bids and Issuer Bids* (NI 62-104), such that the price of the call option would not be permitted to exceed 115% of the market price of the Class A Shares at the time of exercise. If at the time of exercise, the exercise price would exceed 115% of the market price of the Class A Shares, the exercise would be subject to the standard rules and procedures applicable to take-over bids under NI 62-104.

This aspect of the Transaction requires an amendment to the Company's articles to add WELL as an authorized holder of the Class B Multiple Voting Shares, which will be subject to obtaining disinterested shareholder approval at a shareholder meeting of the Company.

Other Key Terms

Other material aspects of the Transaction will include:

- Entering into an investor rights agreement providing WELL with, among other things (a) the right to nominate up to (i) 2 directors or non-voting board observers of the Company, or (ii) a majority of the directors or non-voting board observers of the Company in the event that WELL becomes a control person of the Company having more than 20% of the voting rights attached to all outstanding voting securities of the Company; (b) pre-emptive rights in respect of future issuances of securities of the Company, and (c) qualification and registration rights, in each case subject to standard terms and conditions.

- WELL and the Company will enter into a strategic alliance agreement at closing of the Transaction, which will provide the Company with an enhanced platform from which to execute on its data-driven, AI-enabled healthcare technology offerings.
- The holders of the 6 million Class B Shares not subject to the call option have agreed to surrender their Class B Shares to the Company for cancellation without consideration upon closing of the Transaction.

Additional Information on the Transaction

Copies of the definitive agreements for the Transaction will be made available for review on the Company's SEDAR page at www.sedar.com and the Company will disclose any additional material information about the Transaction in due course.

Completion of the Transaction is subject to a number of conditions precedent, including but not limited to (a) TSX approvals, (b) shareholder approvals, and (c) other conditions precedent typical for transactions of this nature and kind. If the conditions precedent cannot be satisfied or (if applicable) waived, the Transaction (or individual components of the Transaction) will not close. Moreover, there can be no assurance at this time that the Transaction, or any individual component of the Transaction, will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the Company's securities in anticipation of the completion of the Transaction, or any individual component of the Transaction, should be considered highly speculative.

The TSX has not considered or made any determination on the merits of the proposed Transaction and have neither approved nor disapproved of this press release.

Annual General and Special Meeting of Shareholders

The Company expects to call an annual general and special meeting of its shareholders to consider and approve the Transaction in the near-term. Additional details concerning the meeting, and accompanying management information circular, will be disseminated in due course.

About MCI

MCI is a healthcare technology company focused on empowering patients and doctors with advanced technologies and data-driven clinical insights to increase access, improve quality, and reduce healthcare costs. 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.

About WELL

WELL's mission is to tech-enable healthcare providers. WELL does this by developing the best technologies, services, and support available, which ensures healthcare providers are empowered to positively impact patient outcomes. WELL's comprehensive healthcare and digital platform includes extensive front and back-office management software applications that help physicians run and secure their practices. WELL's solutions enable more than 28,000 healthcare providers between the US and Canada and power the largest owned and operated healthcare ecosystem in Canada with more than 130 clinics supporting primary care, specialized care and diagnostic services. In the United States WELL's solutions are focused on specialized markets such as the gastrointestinal market, women's health, primary care, and mental health. WELL is publicly traded on the Toronto Stock Exchange under the symbol "WELL" and on the OTC Exchange under the symbol "WHTCF". To learn more about the Company, please visit: www.well.company

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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 anticipated completion of the strategic transaction and its various elements, the terms on which the strategic transaction will be completed, the go-forward business of the Company following completion of the strategic transaction, and the calling of a shareholder meeting for the Company. The words "obtain", "implement", "taking", "to become", "aim", "improve", "facilitating", "accelerating", "growing", "ensuring", "continue", "contribute", "anticipate", "expects", "contemplates", "complete", "engaged", "potential", "future", "remains", "consider", "result in", "increase", "deliver", "emerge", "is conditional", "plan", "look forward to", "subject to" 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 ability to satisfy any conditions precedent and complete the Transaction; MCI's ability to obtain the necessary TSX, regulatory and shareholder approvals required for the completion of the Transaction; MCI's ability to complete the Transaction or to complete it on the terms described above; MCI's ability to maintain its relationships and to successfully integrate its business with WELL; MCI's ability to hold its annual general and special meeting of shareholders within the prescribed time periods; MCI's ability to satisfy and discharge its outstanding debt facilities and other indebtedness; MCI's plans for future cost reduction; the availability of working capital and sources of liquidity; MCI's ability to continue to operate as a going concern; the anticipated terms of the strategic alliance agreement with WELL; 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; 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.

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.