

## MARKET RELEASE

### **MedAdvisor to acquire US-based Adheris Health, launches capital raise targeting \$45 million**

*Gains immediate scale in the US with large pharma and pharmacy network in the US*

**Melbourne, Australia, 2 November, 2020** - MedAdvisor Limited (**MedAdvisor**) (ASX: MDR) has entered into a binding agreement to acquire Adheris, LLC (**Adheris**) for up to USD \$34.5M (AUD \$49.0M) (**Acquisition**). MedAdvisor is now seeking to raise AUD \$45.0M by way of an institutional placement and an accelerated non-renounceable entitlement offer.

#### **Key highlights**

- MedAdvisor's US subsidiary, MedAdvisor Welam US Inc., to acquire Adheris, LLC from Syneos Health (**Syneos Health**).
- The MedAdvisor Group will become a leader in tailored opt-out, direct-to-patient medication adherence programs in the USA, with an addressable network of 180 million+ patients, ~25,000 pharmacies (>57% of prescriptions in the USA) and a network of 618,000 prescribers (~60% of total).
- Acquisition accelerates MedAdvisor's penetration in the US market by leveraging Adheris' existing pharmacy integrations reducing the need for MedAdvisor to individually integrate with the underlying US pharmacies and Electronic Health Records.
- MedAdvisor adds a complementary digital technology suite that will allow Adheris to offer integrated adherence and opt out patient programs powered by advanced data and analytics. These programs complement Adheris' programs which can positively influence patient behaviour from the point of initial prescribing, to the pharmacy and when at home.
- MedAdvisor will acquire Adheris for USD \$27.5M funded by a target equity raising of AUD \$45.0M (minimum of AUD \$35.0M) via an institutional placement and an Accelerated Non-Renounceable Entitlement Offer and a Convertible Note of USD \$5.0M (AUD \$7.1M) to Syneos Health.
- MedAdvisor will pay an earn out of up to USD \$4.0M and USD \$3.0M based on revenue growth in Q3/Q420 and FY21, respectively.
- HMS is supporting the transaction and intends to participate in the Entitlement Offer

MedAdvisor CEO and Managing Director Robert Read said: *"Medication non-adherence is a multi-billion-dollar global market with a lack of global players working to solve it. The US represents about 40% of the world's medicines market and Adheris has the potential to reach 1 in 2 Americans through its opt out patient programs. The opportunity to acquire a strategically*

*aligned scale provider, in the US, with whom we have already integrated our technology and go to market approach, we believe is transformational for MedAdvisor. This acquisition primes MedAdvisor to become a genuine global player with scale in medication adherence, helping millions of patients around the world improve their health outcomes."*

## Acquisition overview

MedAdvisor has entered into a binding agreement to acquire Adheris for up to USD \$34.5M. The Acquisition is subject only to successful completion of the institutional component of the equity raising discussed below and is anticipated to close on 16 November 2020.

The acquisition price represents a multiple of circa 1.04 x CY20E<sup>1</sup> revenue of USD \$26.4M.

The Purchase and Sale Agreement provides for customary representations and warranties for an acquisition of this nature. MedAdvisor is taking out representations and warranties insurance for coverage on particular representations and warranties.

MedAdvisor has paid Syneos Health a deposit of USD \$1.375M (AUD \$2.0M), funded from existing cash reserves, that is only refundable in the event that the Acquisition does not complete because of Syneos Health's default.

The balance of the up-front cost of the Acquisition will be partially funded through a placement to sophisticated and institutional investors (**Placement**) and through a pro rata (1 for 2.5) accelerated non-renounceable entitlement offer (**Entitlement Offer**) (the Placement and Entitlement Offer collectively referred to as the **Offer**). MedAdvisor will seek to raise AUD \$45.0M under the Placement and the Entitlement Offer. The Offer is discussed in more detail below.

Syneos Health has also agreed to take USD \$5.0M (AUD \$7.1M) of the up-front consideration in the form of convertible notes. The convertible notes will be issued on closing of the Acquisition on the following terms:

- interest accruing at 2.5% per annum;
- face value and accrued interest convertible into MedAdvisor shares at the same price as under the current equity raising subject to shareholder approval at AGM;
- if shareholder approval for conversion is not granted by shareholders and the share price closes at or above the capital raise price (AUD \$0.45) on any one trading day in the five trading days prior to the date that is 10 business days prior to the redemption date, the redemption amount will be 115% of the face value (USD \$5.8M) plus interest. If the share price closes below the capital raise price on each of the five trading days immediately prior to the date that is 10 business days prior to the redemption date, the

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<sup>1</sup> MDR estimate based on YTD September 2020

- redemption amount will be the face value (USD \$5.0M) plus interest;
- if shareholder approval is obtained, Syneos Health may elect to convert into shares at any time within three months of the AGM (by 21 March 2021);
- redemption date to be six months after closing of the Acquisition (expected to be 16 May 2021); and
- 12-month voluntary escrow on shares issued on conversion with staggered release each quarter. Syneos Health may also be released early from escrow in other customary circumstances.

MedAdvisor may pay Syneos Health up to a further USD \$7.0M as earn out components as follows:

- Earn Out 1: USD \$1.0M - USD \$4.0M payable in April 2021 based on Adheris revenues in: Q3/Q4 CY20 being USD \$12.6M - USD \$14.0M; and
- Earn Out 2: USD \$500,000 - USD \$3.0M payable in April 2022 based on Adheris revenues in CY21 being USD \$30.0M - USD \$32.5M.

HMS, MedAdvisor's largest shareholder, is supportive of the transaction and is looking forward to participating in the Entitlement Offer.

### **Adheris acquisition adds scale and growth opportunities**

The Acquisition of Adheris delivers immediate scale for MedAdvisor in its largest international market, the US. With a highly connected and developed network of ~25,000 pharmacies, most major pharmaceutical companies and more than 180m patients connected to the platform which sees 2.2 billion prescriptions a year, the Adheris platform leverages advanced analytics and data to engage patients in the right way. This new scale together with MedAdvisor's digital product suite, will accelerate MedAdvisor's US growth and be transformative in terms of scale and revenues for MedAdvisor.

MedAdvisor has worked closely with the Adheris team since establishing a strategic partnership in 2019. Much of the technology integration work has already been completed over the past year. Additionally, Adheris has integrated with 27 chains receiving live or nightly data feeds, removing the need to individually integrate the MedAdvisor platform with underlying pharmacies and electronic health record providers in the US.

Once the acquisition is complete, MedAdvisor will work with the Adheris team to fully integrate all functions of the two businesses including marketing, HR and finance processes.

MedAdvisor plans to add sales and marketing capability, including immediately scaling the sales team and increasing investment in go-to-market efforts. The Group will also work to build a complete, omni-channel, opt-out pharmaceutical offering which involves data-driven,

digital content. This will be a solution that enables pharmaceutical companies to run data-driven, targeted campaigns - reaching the right patient with the right message at the right time.

MedAdvisor has also identified opportunities to further develop the pharmacy network by adding digital solutions to the Adheris offering. MedAdvisor's existing strategic partnerships will also provide additional upside and synergies to the combined offering.

John Ciccio, Adheris' President will run the combined Adheris and MedAdvisor's US business. Mr Ciccio had been at Adheris for 9 years in various senior roles, including SVP Data & Analytics, before leaving to run Skipta, a leading social network of specialized online medical communities for verified healthcare professionals. Mr Ciccio, rejoined Adheris as President in late 2019. Mr Steve Watt, MedAdvisor's Chief Revenue Officer has resigned and will not be a part of the go forward MedAdvisor Executive Team.

### Acquisition Funding

Proceeds from the Offer will be used to fund the Acquisition, provide additional working capital for integration and related transaction costs. The Offer is not underwritten and is subject to MedAdvisor raising a minimum of AUD \$35.0M from the Placement and institutional component of the Entitlement Offer. Funds raised under the retail component of the Entitlement Offer will be used for working capital purposes and redemption of the convertible notes (if applicable).

Whilst MedAdvisor is seeking to raise sufficient working capital to effect the transaction and run the combined business, it may have to raise additional funds in the event that Syneos Health elects to redeem its convertible notes or shareholders do not approve of the conversion terms at the AGM and proceeds from the retail component of the Entitlement Offer is not sufficient.

Under the Entitlement Offer, eligible shareholders are invited to subscribe for one (1) new fully paid ordinary share in MedAdvisor (**New Share**) for every two and a half (2.5) existing MedAdvisor shares held as at 7pm (AEST) on 10 November 2020 (**Record Date**). Peloton Capital is the Lead Manager for the capital raise.

All New Shares will be issued at a price of AUD \$0.45 per New Share, which represents:

- a 12.5% premium to the last closing price of \$0.40 on 30 October 2020; and
- a 10% premium to the 30 trading day volume weighted average price (VWAP) up to and including 30 October 2020 of AUD \$0.41.

Up to 161,115,297 New Shares may be issued under the Offer. It is not anticipated that the full amount of New Shares will be issued as the Offer is not underwritten and MedAdvisor is only

seeking to raise AUD \$45.0M.

Each New Share issued under the Offer will rank equally with each MedAdvisor share on issue. MedAdvisor will, upon issue of the New Shares under the Offer, seek quotation of the New Shares on the ASX.

#### Placement and Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the accelerated institutional component of the Entitlement Offer (**Institutional Entitlement Offer**), which is expected to close on 9 November 2020. MedAdvisor will simultaneously undertake the Placement with institutional investors, who may also be invited to subscribe for any shortfall under the Institutional Entitlement Offer.

New Shares issued under the Placement will be issued within MedAdvisor's Listing Rule 7.1 and 7.1A placement capacity and will be issued at the same price as those New Shares offered under the Entitlement Offer. The maximum amount that MedAdvisor may raise under the Placement is approximately AUD \$27.9M. The maximum amount that MedAdvisor may raise under the Institutional Entitlement Offer is approximately AUD \$35.9M.

The targeted amount to be raised under the Placement and Institutional Entitlement Offer is AUD \$45.0M, with a minimum amount of AUD \$35.0M to be raised.

MedAdvisor has requested a four day trading halt plus two further days of voluntary suspension to complete the Placement and Institutional Entitlement Offer.

#### Retail Entitlement Offer

The retail component of the Entitlement Offer (**Retail Entitlement Offer**) will be open from 13 November 2020 to eligible retail shareholders in Australia and New Zealand on the Record Date. In addition to each shareholder's entitlement under the Retail Entitlement Offer, eligible retail shareholders will also be offered the opportunity to subscribe for additional New Shares to the extent there is a shortfall in the Retail Entitlement Offer. MedAdvisor may raise up to AUD \$8.7M under the Retail Entitlement Offer if shareholders take up their entitlements in full. Shareholders will also be able to subscribe for additional shares under the Retail Entitlement Offer. The Retail Entitlement Offer will not be underwritten. An offer booklet in respect of the Retail Entitlement Offer is expected to be made available and sent to eligible retail shareholders on 13 November 2020.

The Entitlement Offer is non-renounceable and entitlements will not be tradeable or otherwise transferrable.

## Offer Timetable

An indicative timetable of the key dates in respect of the Entitlement Offer is set out below:

Announcement of Acquisition and Offer. MedAdvisor enters back-to-back trading halt with two additional days of voluntary suspension	Monday, 2 November 2020
Institutional Entitlement Offer and bookbuild commences	Monday, 2 November 2020
MedAdvisor comes out of suspension and announces results of Placement and Institutional Entitlement Offer	Before market opens, Tuesday, 10 November 2020
Record Date for participation in Entitlement Offer	7.00pm (AEST) Tuesday, 10 November 2020
Retail Entitlement Offer opens and despatch of Retail Offer Booklet	Friday, 13 November 2020
Settlement of Placement and Institutional Entitlement Offer	Friday, 13 November 2020
Closing of Acquisition and issue of convertible notes	Monday, 16 November 2020
Allotment of Placement and Institutional Entitlement Offer shares	Monday, 16 November 2020
Despatch of Notice of Annual General Meeting	Friday, 20 November 2020
Retail Entitlement Offer closes	Friday, 27 November 2020
Settlement of Retail Entitlement Offer	Wednesday, 2 December 2020
Allotment of Retail Entitlement Offer shares	Friday, 4 December 2020
Normal trading resumes on all shares	Monday, 7 December 2020
Annual General Meeting *	Monday, 21 December 2020

**Note:** the timetable above is indicative only and may be subject to change. MedAdvisor reserves the right to amend any or all of these dates and times without notice, subject to the *Corporations Act 2001* (Cth) and the ASX Listing Rules and other applicable laws. In particular, MedAdvisor reserves the right to extend the closing date of the Retail Entitlement Offer, to accept late applications under the Retail Entitlement Offer (either generally or in particular cases) and to withdraw the Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the issue date of New Shares.

\* MedAdvisor will move its proposed AGM from 17 December to 21 December 2020 to enable certain motions relating to this transaction to be considered by the ASX and shareholders.

## Further Information

Further details of the Acquisition and the Offer are set out in the Investor Presentation also provided to the ASX today. The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the Entitlement Offer.

If you have any questions, you should seek advice from your stockbroker, accountant or other independent and appropriately licensed professional advisor.

For further information about the Entitlement Offer, you can call the MedAdvisor shareholder information line on +61 2 9241 6199 at any time between 9.00am and 4.30pm (AEST) on Monday to Friday.

**- ENDS -**

## For more information:

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## About MedAdvisor

*MedAdvisor is a world-class medication management platform that empowers users to more simply manage their medication and improve adherence. MedAdvisor's highly automated and intuitive software system connects users to tools and education materials from their local/preferred pharmacy. In Australia, MedAdvisor has connected over 1.7 million users through more than 60% of Australian pharmacies and a network of thousands of GPs. MedAdvisor has partnered with HMS in the US, Zuellig Pharma in Asia and launched into the UK on track to become one of the largest players in the global digital adherence market. In 2018 and 2020, MedAdvisor was recognised in the AFR Fast 100.*

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