

Significantly Accelerating MedAdvisor's Growth Through Acquisition of Healthnotes

Highlights

- MedAdvisor today announces the acquisition of Health Enterprises 2 Pty Ltd ("Healthnotes"), a leader in healthcare technology for medication adherence management for a total consideration of \$5.5 million, paid as 60% cash and 40% scrip.
- Compelling strategic rationale for the Healthnotes Acquisition. Bringing together the two leaders in medication adherence management. This will strengthen MedAdvisor's strategic positioning and operational platform, offer valuable synergies and will consolidate MedAdvisor's position as the leading Australian digital medication management company.
- Substantially strengthens MedAdvisor's market position and accelerates its growth strategy and path to profitability in the following ways:
 - Increases MedAdvisor's share of connected **community pharmacies** to 45%, from over 1,600 to over 2,400 Australian community pharmacies;
 - Increases the number of Australian patients connected to MedAdvisor's platforms from 220,000 to over **500,000 people**;
 - Increases the number of **General Practitioners (GPs)** connected to MedAdvisor's platforms to more than **4,000 GPs**;
 - Extends MedAdvisor's connected channels to over **1,700 nursing homes**;
- Increases the number and value of prescriptions ordered through MedAdvisor's platforms to more than 320,000 prescriptions per month will be ordered with an annualised value of approximately \$150 million¹.
- The acquisition is expected to be earnings accretive in FY18.
- To finance the acquisition and to provide additional working capital, MedAdvisor will raise in excess of \$6 million. Peloton Capital is acting as lead advisor in the capital raise.

Transaction Overview

MedAdvisor Limited (ASX: **MDR**, the **Company**), Australia's leading digital medication management company, is pleased to advise that it has entered into an agreement to acquire 100% of Health Enterprises 2 Pty Ltd, trading as Healthnotes (**Healthnotes**). The transaction is subject to final due-diligence and shareholder approval. Under the Agreement, Healthnotes will be acquired on a cash-free, debt-free basis for a total consideration of \$5.5 million. The acquisition is to be funded via a total cash consideration of \$3.3 million, with the balance to be paid through the issue of new MedAdvisor shares to Healthnotes' shareholders.

¹ Based on an average of \$40 per prescription

About Healthnotes

Healthnotes is a privately held Melbourne based healthcare technology company with an innovative platform that manages patient messaging and medication adherence across multiple demographics. Its core platform promotes patient medication adherence, along with pharmacy loyalty by offering prescription management services for patients.

Healthnotes delivers timely SMS reminders to patients, as well as offering script tracker and refill functions. Linking with a free downloadable app (Google Play and App Store), it enables pharmacies to send notifications to patients and track their medication history. For doctors and nursing homes, it offers a useful patient record and medication summary, script processing, clinical interventions as well as allowing leave certificates and referral letters to be more easily produced. Healthnotes currently generates revenues from pharmacy subscription fees, SMS revenue and pharmaceutical manufacturer education programs.

Robert Read, CEO of MedAdvisor commented:

"MedAdvisor and Healthnotes share a bold mission to make patients' lives easier and improve health outcomes through digital medication management. With the integration of Healthnotes into MedAdvisor, we are able to substantially extend the connections to our platform from key stakeholders in patient health including pharmacies, GPs, and nursing homes. Importantly, this acquisition enables MedAdvisor to reach more than 500,000 Australian patients, increase the value of prescriptions ordered through the platform to over \$150 million per year and consolidate its position as the dominant player in the medication adherence space in Australia."

Saurabh Mishra, Executive Director of Healthnotes, commented:

"MedAdvisor's technology combined with our market position with GPs and pharmacies will create the preferred platform for patient communications in Australia. We are excited to bring a number of new initiatives to the business that we can accelerate under the new relationship. Our pharmacy network will benefit from the additional services and offering that MedAdvisor can bring, while still enjoying the benefits of Healthnotes."

Strong Strategic Rationale

Dominant market leadership position from day 1

The acquisition immediately grows and diversifies MedAdvisor's pharmacy network:

- Healthnotes has a strong and complementary network of over 800 additional pharmacies across Australia that will substantially build MedAdvisor's network of community pharmacy store customers. Post-acquisition, MedAdvisor's pharmacy network will exceed 2,400 pharmacies.
- This enhanced pharmacy network represents ~45% of the Australian community pharmacy market, giving the Company a leading market penetration position.
- Acquisition brings complementary technologies to MedAdvisor that will boost its services to pharmacies and GPs.

Accelerates entry into the GP market

- MedAdvisor's GP Link, which connects GPs and pharmacies to make patient's lives easier and improve health outcomes, is launching in late September following a beta phase.
- Healthnotes has active relationships with more than 4,000 GPs across Australia.

Substantially increases the numbers of engaged users on MedAdvisor's platforms

- Following the Healthnotes acquisition, MedAdvisor will have access to a combined user base of over 500,000 Australian patients, an increase of over 150%.
- The "Tap-to-Refill" feature in MedAdvisor is one of the most used by patients. It allows patients to pre-order from their preferred pharmacy to reduce waiting times. The combined user base will make ~320,000 prescription orders per month, representing an annualised value of over \$150 million ordered through the platforms.
- Increased user base will represent increased value to pharmaceutical manufacturers for Patient Engagement Programs.

Conditions to completion

The acquisition of Healthnotes is subject to several conditions, including:

- The completion of confirmatory due diligence. To date the Company has appointed HWL Ebsworth, McGrathNicol as external advisors to complete the preliminary Financial and Legal due diligence. Commercial and Technical due diligence has been undertaken by MedAdvisor.
- The obtaining of all approvals of MedAdvisor's shareholders which are necessary under the Corporations Act and the ASX Listing Rules to implement the transaction.
- A capital raising to raise no less than \$6 million.

Shareholder approvals

Given the size of the proposed capital raising and the number of shares to be issued to Healthnotes' shareholders under the transaction, the Company will be calling an extraordinary general meeting to have shareholders approve these share issues under Listing Rule 7.1. Further information on the transaction will be included in the notice of meeting. Peloton Capital is acting as lead advisor to the capital raise.

MedAdvisor has received in-principal advice from ASX that Listing Rules 11.1.2 and 11.1.3 do not apply to the proposed acquisition.

Indicative Timetable

Event	Date
Notice of Meeting sent to Shareholders	5 September 2016
Meeting held	5 October 2016
Company announces the terms of the Capital Raising and issues the Capital Raising Shares	7 October 2016
Completion, including the issue of the Consideration Shares and close of offer under cleansing prospectus	10 October 2016

-ENDS-

For more information

Robert Read, CEO
MedAdvisor
Tel: +61 3 9095 3036
robertr@medadvisor.com.au

Caroline Zielinski
Media and Capital Partners
Tel: +61 400 172 145
caroline.zielinski@mcpartners.com.au

Geoff Barnes, Managing Director
Peloton Capital
Tel: +61 2 8651 7801
Geoff.barnes@pelotoncapital.com.au

About MedAdvisor

MedAdvisor is a world class medication management platform focused on addressing the gap and burden of medication adherence. Founded with a desire to simplify medication management, the highly automated and intuitive Australian software system connects patients to their local pharmacy, providing them with real time access to their personal medication records. Available free on mobile and internet devices, the platform also incorporates a variety of valuable and convenient features including reminders and pre-ordering of medications, which together improves adherence by more than 20%.

Since launching in 2013, MedAdvisor has over 220,000 registered users and is connected with a third of pharmacies across Australia. With the recent GP software integration enabling patients to order script renewals remotely from their doctor, MedAdvisor continues to lead the way in delivering innovative patient centred health solutions.