



MCI Onehealth Announces Solid Finish to Fiscal 2020 with Positive Adjusted EBITDA in Q4-2020

March 30, 2021

- MCI achieved stronger than expected revenue and Adjusted EBITDA in Q4-2020 led by the 700%+ growth from corporate customers and adoption of telehealth
- Corporate customer revenues more than tripled from 3% to 11% year-on-year
- MCI quarterly revenues of \$11.0 million in Q4-2020 have recovered to within 10% of their prior peak from the COVID lows in Q2-2020
- Use of telehealth and virtual technologies was instrumental to driving the recovery in MCI's government insured health services and generated over \$10 million in revenue in 2020 from virtually no revenue in 2019 and now represents over 50% of visits
- Net proceeds of approximately \$26.7 million from the recently completed Initial Public Offering (IPO) underpin MCI's transformation to a high growth, high margin technology enabled health services company
- MCI's pipeline of acquisitions, investments and partnership opportunities more than doubled to 11 since the IPO
- MCI expects robust closure activity on acquisitions, investments and partnerships during Q2-2020 to accelerate revenue growth as the Company executes its transformation plan

TORONTO, March 30, 2021 (GLOBE NEWSWIRE) -- **MCI Onehealth Technologies Inc.** ("MCI Onehealth" or the "Company") (TSX: DRDR), a clinician-led healthcare technology company focused on increasing access and quality of healthcare, announced today its fourth quarter and annual financial results for the three and twelve months ended December 31, 2020.

Dr. Alexander Dobranowski, CEO of MCI Onehealth commented, "MCI Onehealth is advancing on its mission to leverage technology and improve access, quality and affordability of primary care in Canada. We exceeded our fourth-quarter and full-year 2020 expectations and now see strong momentum in 2021 as we execute on our core strategic initiatives."

Fiscal 2020 Annual Financial Highlights

- Total revenue for the year ended December 31, 2020 was \$38.6 million, compared to total revenue of \$46.1 million for the prior year, which was at the high end of the Company's expectation exiting 3Q-2020. The annual revenue decline of 21% was driven by a reduction in patient volumes, which was partially offset by higher average revenue per patient visit and the substantial increase in non-government insured services
- Revenue from MCI Onehealth's Corporate customers achieved revenues of \$3.4 million compared to \$1.4 million in the prior year representing 9% of revenue during the year compared with 3% in the prior year
- MCI Onehealth's Adjusted EBITDA margins increased to 11.7% in fiscal 2020 from 8.2% in fiscal 2019 driven by the higher mix of Corporate customers and subsidies from the Government of Canada's Canada Emergency Wage Subsidy (CEWS) and Canada's Emergency Commercial Rent Assistance Programs (CECRA)
- Removing the positive impact of the CEWS and CECRA programs, MCI Onehealth still generated positive Adjusted EBITDA in 2020 illustrating the Company's resilience and strong cost control measures during a difficult environment

Fourth Quarter 2020 Financial Highlights

- Total revenue for the quarter ended December 31, 2020 was \$11.0 million, compared to total revenue of \$12.0 million in 4Q-2019. The 8% decline was driven by a reduction in patient volumes, which was partially offset by higher average revenue per patient visit and the 700%+ increase in Corporate customer revenue over 4Q-2019
- Adjusted EBITDA of \$0.3 million was stronger than expected as stronger revenues and the richer mix of higher margin Corporate Health Services more than offset the additional corporate overhead associated with recent senior officer additions associated with the Company's transformation plan

Events Subsequent To December 31, 2020

- On January 6, 2021, the Company completed its initial public offering raising net proceeds of \$26.7 million after fees and expenses
- On March 26, 2021, the Company invested \$250,000 to purchase an interest in Acorn Biolabs, Inc. through a Simple Agreement for Equity (SAFE) instrument issued by Acorn Biolabs, Inc.

Outlook

- MCI Onehealth expects to accelerate total company revenue growth in fiscal 2021 as it executes its transformation plan on multiple fronts including:
 - Organic growth of government insured health services from its omnichannel network of clinics, telehealth and the MCI Connect virtual platform
 - Continued rapid organic growth in Corporate Health services as it expands its customer base and increases the number of service offerings to its customers
 - The launch of the Company's data analytics BrightOS platform later in 2021
 - Acquisitions of technology to accelerate its technology roadmap
 - Acquisitions of specialty clinics to expand its health service offerings and enter new markets by leveraging technology to deliver more services to its large patient and physician base
 - Execution of multiple commercial partnerships with companies in which the Company makes investments as well as research collaborations with academic institutions

MCI Onehealth will hold a conference call to discuss progress on its key strategic initiatives and financial results for the Fourth Quarter and Fiscal Year 2020, on Tuesday March 30, 2021 at 4:45pm EST. Participants are encouraged to access the call at least 10 minutes prior to start.

Conference Call Details

Date: Tuesday March 30, 2021

Time: 4:45pm Eastern Standard Time

Duration: 60 minutes

Dial-in Canada/US: (833) 540-1153 (Toll-free)
(918) 922-6528 (International)

Conference Call ID: 2629139

Webcast link: <https://edge.media-server.com/mmc/p/tpqozawb>

Selected Unaudited Financial Information

(In thousands of dollars, except percentages and per share amounts):

	2020	2019
Revenue	\$38,573	\$46,291
Expenses		
Physician fees	25,649	31,030
Salary, wages, and benefits	5,828	8,180
Occupancy costs	2,373	3,168
Office expenses	4,253	2,177
Amortization and depreciation	2,955	3,120
Finance costs	607	666
Expected economic losses	202	313
	41,867	48,656
	(3,294)	(2,363)
Other income	1,872	2,276
Interest income on subleases	64	76
(Gain) loss on sublease contracts	19	-
(Gain) loss on disposal of property and equipment	-	(17)
	1,955	2,335
Loss before taxes	(1,339)	(28)
Income taxes	(312)	92

Net Loss for the year	(1,027)	(120)
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ATTRIBUTED TO:

Shareholders of MCI Onehealth technologies Inc.
Non-Controlling interests

	2020	2019
	\$(1,029)	\$(121)
	2	1
	\$(1,027)	\$(120)

Loss per share attributable to MCI Onehealth Technologies Inc.
Basic and diluted

	\$(0.03)	\$(0.00)
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See accompanying notes to the consolidated financial statements.

Selected Statement of Financial Position Data

	Year ended December 31	
	2020	2019
	\$ in thousands	
Cash and cash equivalents	894	1,128
Net investment in subleases	1,685	2,150
Property and equipment	13,572	15,830
Total Assets	22,358	22,684
Lease liability	13,833	15,850
Total liabilities	22,121	20,422
Total shareholders equity	237	2,262

Reconciliation of adjusted EBITDA

	Year ended December 31	
	2020	2019
	\$ in thousands	
Total revenue	38,573	46,291
Net Income (loss)	(1,027)	(120)
Add back (deduct)		
Depreciation and amortization	2,955	3,120
Finance charges	607	666
Onetime expenses related to special bonuses and listing expenses	2,138	-
Gain (loss) On sublease contracts	(19)	-
Gain (loss) on disposal of property and equipment	-	17
Income taxes	(312)	92
Adjusted EBITDA	4,518	3,774
Adjusted EBITDA Margin	11.7%	8.2%

- 1. Non-GAAP measure.** **Gross profit** and **gross margin** do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. The Company defines adjusted gross profit as revenue less cost of sales (excluding depreciation and amortization) and adjusted gross margin as adjusted gross profit as a percentage of revenue. Adjusted Gross profit and adjusted gross margin should not be construed as an alternative for revenue or net loss determined in accordance with IFRS. The Company believes that adjusted gross profit and adjusted gross margin are meaningful metrics in assessing the Company's financial performance and operational efficiency.
- 2. Non-GAAP measure.** Earnings before interest, taxes, depreciation and amortization ("**EBITDA**") and Adjusted EBITDA should not be construed as alternatives to net income/loss determined in accordance with IFRS. EBITDA and Adjusted EBITDA do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. The Company defines **Adjusted EBITDA** as EBITDA (i) less net rent expense on premise leases considered to be finance leases under IFRS and (ii) before transaction, restructuring, and integration costs, time-based earn-out expense, special warrants related expenses, change in fair value of investments, share of loss of

associate, exchange difference, and stock-based compensation expense. The Company believes that Adjusted EBITDA is a meaningful financial metric as it measures cash generated from operations which the Company can use to fund working capital requirements, service future interest and principal debt repayments and fund future growth initiatives. The Adjusted EBITDA figures noted herein have not been adjusted for non-controlled interests.

The Company's method of calculating Non-GAAP measures may differ from other companies' methods and may not be comparable to measures used by other companies. Management uses such calculations to assist in identifying underlying operating trends and allows for a comparison of the Company's operating performance on a consistent basis. Investors may also use EBITDA, amongst other financial measures, to assist in the valuation of the Company.

About MCI Onehealth Technologies Inc.

MCI Onehealth is focused on empowering patients and doctors with advanced technologies to increase access, improve quality, and reduce the cost of healthcare. As one of Canada's leading primary care networks with 25 technology enabled clinics, MCI Onehealth serves over 850,000 patients annually and has been a part of the healthcare community for over 30 years. Since the deployment of MCI/Connect, the company's proprietary digital platform, MCI Onehealth continues to develop an ecosystem of digital applications, which will target modernizing and personalizing the primary care experience. MCI Onehealth additionally offers an expanding suite of occupational health service offerings that support a growing list of over 250 corporate customers. Driven by a proven management team of doctors and experienced executives, MCI Onehealth is executing a strategy focused on acquiring technology and health services that complement its technology and data-focused roadmap. Additional information can be found at www.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 projected revenues, earnings, growth rates, targets, revenue mix and product plans and the Company's future growth, results of operations, performance and business prospects and opportunities. The words "plans", "expects", "projected", "estimated", "forecasts", "anticipates", "intend", "guidance", "outlook", "potential", "prospects", "seek", "aim", "strategy", "targets" or "believes", 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 the Company as of the date of such statements, are outside of the Company'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: the overall Network Policy Control market including reliance on major customers; adoption of virtual series solutions; the requirement for increasingly innovative product solutions; the Company's ability to achieve its growth strategy; the demand for the Company's products and fluctuations in future revenues; sufficiency of current working capital to support future operating and working capital requirements; the stability of general economic and market conditions; currency exchange rates and interest rates; equity and debt markets continuing to provide the Company with access to capital; the Company's ability to comply with applicable laws and regulations; the Company's continued compliance with third party intellectual property rights; and that the risk factors noted below, collectively, do not have a material impact on the Company'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 the Company, could cause the actual results of the Company 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 the Company's final prospectus dated December 29, 2020 which is available under the Company's SEDAR profile at www.sedar.com. The risk factors are not intended to represent a complete list of the factors that could affect the Company 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. The Company 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.