



## MCI Onehealth Reports First Quarter 2021 Financial Results

May 13, 2021

- Initial public offering of 6,000,000 Class A Subordinate Voting Shares raises \$27.57 million in net proceeds for use in implementing the company's strategic transformation plan
- Quarterly revenue of \$10.0 million recovered to within 4% of the prior high driven by adoption of telehealth and MCI Connect as well as continued strong performance from corporate health customers, enabling the Company to weather the impact of COVID-19
- Within a year of their initial launch, telehealth and MCI Connect generated 38% of revenue during the quarter
- Robust demand from corporate customers continues, with revenues from corporate customers up 377% to \$1.3 million over the same quarter last year with the addition of 30 new customers in the quarter
- Incremental year-on-year net-losses for the quarter of \$2.1 million were driven by share based compensation and higher public company expenses as part of the Company's transformation plan

TORONTO, May 13, 2021 (GLOBE NEWSWIRE) -- MCI Onehealth Technologies Inc. ("MCI", "the Company") (TSX: DRDR), a clinician-led healthcare technology company focused on increasing access to and quality of healthcare, today released its financial results for the three months ended March 31, 2021. These filings and additional information regarding MCI are available for review on SEDAR at [www.sedar.com](http://www.sedar.com).

"This quarter was a major milestone in our mission to create a high-growth technology-enabled health services provider," said Dr. Alexander Dobranowski, CEO of MCI. "The completion of our IPO creates the conditions necessary for accretive expansion and organic growth as we continue to implement our strategic initiatives."

For a summary of MCI's financial and operational highlights for the quarter, please see below, as well as the more detailed information contained in the financial statements and related management discussion and analysis which are available on MCI's SEDAR page at [www.sedar.com](http://www.sedar.com).

### First Quarter 2021 Financial Highlights

Significant financial highlights for MCI during the first quarter of 2021 included:

- **Quarterly Revenue:** Quarterly revenue remained stable as revenue continues to recover in government insured health led by the adoption of telehealth and virtual care through MCI Connect as well as robust demand for the Company's expanding corporate health offerings. MCI continues to weather the effects of COVID-19. Total revenue for the three months ended March 31, 2021 was \$10.0 million, compared to total revenue of \$10.4 million in Q1 2020.
- **Growth from Corporate Customers:** Revenue from MCI's corporate customers continued to see significant growth, with revenues up 377% to \$1.3 million over the same quarter last year.
- **Liquidity:** Cash and cash equivalents were \$25.1 million at the end of the quarter, compared to \$0.89 million in the same quarter last year, providing the capital required to pursue new acquisitions and to develop and implement the Company's data-driven healthcare initiatives.
- **Net Losses:** MCI experienced net losses of \$2.46 million for the quarter, up \$2.12 million from the same quarter in the previous year. These losses were driven primarily by an increase in public company and corporate executive expenses (up \$0.8 million from Q1 2020) and share based compensation (up \$1.2 million from Q1 2020) as the Company sets the stage for further growth and expansion.

### First Quarter 2021 Operational Highlights

Significant operational highlights for MCI during the first quarter of 2021 included:

- **Initial Public Offering:** On January 6, 2021, MCI completed its initial public offering ("IPO") of 6,000,000 Class A Subordinate Voting Shares ("MCI Shares") at a price per share of \$5.00, generating net proceeds of \$27.57 million. On the same day, the MCI Shares were listed for trading on the Toronto Stock Exchange.
- **Rapid Pre-flight COVID-19 Testing:** On January 20, 2021, MCI announced it had begun conducting rapid pre-flight

COVID-19 testing for Chartright pilots, flight staff and passengers at Toronto Pearson International Airport flying to destinations in the United States.

- **Formal Launch of MCI Connect:** On February 17, 2021, MCI announced the launch of its first-of-its-kind telemedicine service in Ontario, offering patients Ontario Health Insurance Plan covered appointments through an intuitive and easy-to-use platform designed to deliver an expanded array of health services consistent with MCI's mission of improving access and quality of healthcare.
- **Investment in Biotech:** On March 26, 2021, MCI completed a strategic capital investment of \$250,000 in Acorn Biolabs, Inc., a Toronto-based biotechnology company, and entered into a commercial relationship that will see MCI begin to offer Acorn Biolabs' non-invasive, hair follicle stem cell collection and storage technology throughout MCI's clinical network over the next year.
- **Transaction Pipeline:** During the Reporting Period, the Company identified a number of potential targets for accretive acquisitions, commercial arrangements or strategic investments, including Khure Health Inc., Regen Scientific Inc. and Acorn Biolabs Inc.

#### **Events Subsequent to First Quarter 2021**

Following the end of the first quarter, MCI has continued to implement its strategic plan with a number of significant new developments, including:

- On April 12, 2021, MCI announced that it had acquired 9.1% of ReGen Scientific Inc., a personalized, preventative and regenerative healthcare provider in Canada, under a share exchange agreement in exchange for the issuance of 800,000 MCI Shares and a short-term loan in the principal amount of \$1 million.
- On April 27, 2021, MCI announced the completion of its acquisition of all of the issued and outstanding shares of Khure Health Inc., whose technology platform harnesses clinical data, enabling physicians to rapidly screen and identify patients with rare diseases to facilitate more personalized treatment, for total consideration valued at up to \$13.5 million, based on certain revenue milestones being achieved through 2023. MCI estimates Khure will accelerate this portion of its technology roadmap by 18 months.
- On April 29, 2021, MCI announced a strategic capital investment of US\$250,000 in Ariel Precision Medicine Inc., a U.S. based company focused on precision diagnosis and targeted therapeutics, setting the stage for a future commercial relationship between the two companies.
- On May 6, 2021, MCI announced it had entered a letter of intent to acquire Terrace Wellness Group, a mental health and addictions care provider with in-person and virtual care offerings, with the expectation of EBITDA accretive opportunities when such services are added to MCI's integrated offering to patients and employers.

#### **Outlook**

MCI expects to accelerate total company revenue growth in fiscal 2021 as it executes its strategic 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 health services provided to corporate customers, as it expands its customer base and increases the number of available service offerings.
- The launch of MCI's data analytics BrightOS platform later in 2021.
- New technology business ventures and acquisitions 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 and growing patient and physician base.
- Execution of multiple commercial partnerships with companies in which MCI makes investments as well as research collaborations with academic institutions.

#### **Conference Call Details**

MCI will hold a conference call to discuss progress on its key strategic initiatives and financial results for the first quarter of 2021, on May 13, 2021 at 5:00 pm EDT. Participants are encouraged to access the call at least 10 minutes prior to start.

Date: Thursday May 13, 2021  
Time: 5:00 pm Eastern Daylight Time

Duration: 60 minutes

Dial-in Canada/US: (833) 540-1153 (Toll-free)  
 (918) 922-6528 (International)  
 Conference Call ID: 9544899

Webcast link: <https://edge.media-server.com/mmc/p/y6vj2kdh>

**Selected Unaudited Financial Information**

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

	Three months ended March 31		Period over Change	
	<b>2021</b>	<b>2020</b>	<b>\$</b>	<b>%</b>
Revenue	\$ 10,030	\$ 10,442	\$ (412)	(4)
<b>Expenses</b>				
Physicians' fees	6,631	7,014	(383)	(5)
Salary, wages, and benefits	2,156	2,032	124	6
Occupancy costs	850	775	75	10
Office expense	908	596	311	52
Corporate expenses	515	10	505	5050
Sales and marketing expenses	21	-	21	NM
Expected credit losses	56	-	56	NM
Other income	(448)	(593)	145	24
	<b>10,689</b>	<b>9,835</b>	<b>854</b>	<b>9</b>
Adjusted EBITDA	<b>(659)</b>	<b>607</b>	<b>(1,266)</b>	<b>(209)</b>
Shares based compensation	1,248	-	1,248	NM
Finance costs	125	163	(38)	(23)
Interest income on subleases	(12)	(18)	6	(33)
Depreciation and amortization	716	740	(24)	(3)
Gain (loss) On sublease Contracts	-	(10)	10	NM
	<b>2,077</b>	<b>875</b>	<b>1,202</b>	<b>137</b>
<b>Income (loss) before taxes</b>	<b>(2,736)</b>	<b>(268)</b>	<b>(2,468)</b>	<b>921</b>
Income taxes	(278)	68	(346)	509
<b>Net Income (loss)</b>	<b>(2,458)</b>	<b>(336)</b>	<b>(2,122)</b>	<b>632</b>
Weighted average number of Shares outstanding				
Basic and diluted	45,733	38,004		
Net income (loss) per share				
Basic and diluted	\$ (0.05)	\$ (0.01)		

\* NM means not meaningful.

**Selected Statement of Financial Position Data**

	March 31, 2021	December 31, 2020
	\$ in thousands	
Cash and cash equivalents	\$ 25,131	\$ 894
Net investment in subleases	1,590	1,685
Property and equipment	12,912	13,572
Total Assets	48,120	22,358
Lease liability	13,202	13,833
Total liabilities	20,939	22,121
Total shareholders equity	27,181	237

## Reconciliation of Adjusted EBITDA

	Three months ended March 31	
	2021	2020
	\$ in thousands	
Total revenue	\$ 10,030	10,442
Net Income (loss)	(2,458)	(336)
Add back (deduct)		
Depreciation and amortization	716	740
Share-based payment expense	1,248	-
Finance charges	125	163
Interest income	(12)	(18)
Gain (loss) On sublease contracts	-	(10)
Gain (loss) on disposal of property and equipment		-
Income taxes	(278)	68
Adjusted EBITDA	(659)	607
Adjusted EBITDA Margin	(6.6)%	5.8%

\* **Non-IFRS Metrics:** “Gross Profit”, “Gross Margin”, “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. MCI 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. MCI 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 Adjusted EBITDA figures noted herein have not been adjusted for non-controlled interests. MCI believes that these metrics may be helpful to the reader in assessing MCI’s financial performance and operational efficiency, however, these measures should not be considered as alternatives to net income/loss determined in accordance with IFRS.

### 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 25 clinics, serves over 850,000 patients annually and had over 200,000 telehealth visits last year. MCI additionally offers an expanding suite of occupational health service offerings that support a growing list of over 250 corporate customers. Led by a proven management team of doctors and experienced executives, MCI remains focused on executing a strategy centered on acquiring technology and health services that complement MCI’s current roadmap. For more information, visit [mcionehealth.com](http://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, product plans, use of proceeds, new business ventures and potential acquisitions, as well as MCI’s future growth, strategic transformation plan, 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”, “for use in”, “growth”, “expansion”, “to pursue”, “to develop”, “future”, “later” 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 achieve its growth strategy; the demand for MCI’s products and fluctuations in future revenues; the availability of future business venture and acquisition targets or opportunities and MCI’s ability to consummate them; MCI’s ability to negotiate definitive documentation for the acquisition of Terrace Wellness Group Inc., to complete satisfactory due diligence and to satisfy closing conditions for the acquisition, including obtaining board and TSX approval; the effects of competition in the industry; the requirement for increasingly innovative product solutions and service offerings; trends in customer growth; 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 MCI with access to capital; 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.*

*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 final prospectus dated December 29, 2020 and in MCI's annual information form dated March 31, 2021, each of which is available under MCI's SEDAR profile at [www.sedar.com](http://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.*