



## MCI Onehealth Reports Fiscal 2021 Financial Results

March 31, 2022

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- Revenues for the year up 24% to \$47.8 million and for the fourth quarter up 27% to \$13.9 million over the comparable periods last year.
- Successful execution of acquisition strategy in 2021, including the acquisition of Khure Health Inc. ("Khure") for up to \$12.6 million, and the Polyclinic Group of Companies ("Polyclinic") for \$7.1 million, boosting Corporate Health and Health Technology segments.
- Record year for telehealth sessions, with nearly 300,000 patients accessing MCI's high-performance healthcare network via telephone consults and MCI Connect, MCI's virtual care delivery platform.
- MCI's Corporate Health Services delivers a record year, adding 87 new customers and experiencing more than 70% revenue growth year-on-year.
- Patient volumes up 12% year-over-year, excluding increases from acquisitions.
- Khure Health data-fueled revenue contributed 3.4% to the Company's revenue mix.
- Strong growth in the usage of MCI Connect and telehealth, combined with strong growth in Khure, contributed \$12.7 million to Clinical Health revenue and \$1.6 million in Health Technology revenue, respectively.
- Initial Public Offering on January 6, 2021 raised net proceeds of \$27.6 million.

TORONTO, March 31, 2022 (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, today released its financial results for the three months and year ended December 31, 2021.

"We are continuing to deliver on the strategy that we laid out for investors during our initial public offering," said **Dr. Alexander Dobranowski, CEO of MCI**. "We are making excellent progress towards achieving our vision of empowering patients and doctors with advanced technologies to increase access to and improve the quality of healthcare while reducing healthcare costs. The early success of our first major acquisitions, Khure and Polyclinic, and the significant growth in MCI Corporate Health Solutions, with its rapidly expanding customer base, are key examples. Corporate Health revenue is now 400% of what it was in 2019. We've also taken great strides in the implementation of our data-driven, precision medicine roadmap, including the launch of MCI Connect and a number of key strategic investments and commercial partnerships."

A summary of MCI's financial and operational highlights for the quarter and year are set out below, and more detailed information is 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). Financial measures described as "Adjusted" in this news release are non-IFRS financial measures and may not be comparable to other similar measures disclosed by other companies. Please see *Non-IFRS Financial Measures* below for more information.

### Fiscal 2021 Annual Highlights

Significant financial and operational highlights for MCI during the year ended December 31, 2021 included:

- **Revenue Growth Year-on-year:** Revenue for the year ended December 31, 2021 increased 24% over the same period in 2020, driven by the ongoing recovery of publicly-insured health services, ongoing growth from corporate health services, and revenue contributed by recently acquired businesses. Total revenue for 2021 was \$47.8 million, compared to total revenue of \$38.6 million in 2020. Revenue contributions from 2021 acquisitions of Khure and Polyclinic accounted for approximately 42% of the growth, and their contributions are expected to continue to increase as the businesses continue to be integrated into MCI's operations and revenue synergy opportunities continue to develop.
- **Increased Patient Volumes:** Patient volumes grew approximately 12%, year-on-year, excluding increases from acquired businesses in 2021, and 15% if acquisitions are included. Patient volumes continued to improve despite continuing COVID-19 restrictions as patients and physicians become more comfortable with virtual channels and pent-up demand for health services continues to grow.
- **Growth in Corporate Customers:** The Company added 87 new corporate health customers in 2021, with the Company now serving more than 500 corporate health customers. Notable corporate customers include Gerdau Ameristeel, Durham

Region Police Services, Destination Toronto, Metrolinx, Canadian Broadcast Corporation, Intact Insurance, Coca Cola Ltd. and MHI Aerospace. The numerous protocols established around COVID-19 greatly increased the need for efficient and reliable testing processes, which MCI Corporate Health Solutions was able to facilitate and manage for a growing number of clients.

- **Acquisition of Polyclinic:** On July 30, 2021, MCI acquired an 80% interest in Polyclinic for total consideration of \$7.1 million. Polyclinic is comprised of The Quit Clinic Inc., Executive Medical Concierge Canada Ltd. and Canadian Phase Onward Inc. Polyclinic provides onsite integrated health services including primary care, specialist care, concierge medicine, lab services, and an in-house clinical research organization. Executive Medical Concierge Canada Ltd., one of the acquired companies, experienced a record year in 2021, with year-over-year revenue growth in excess of 80%.
- **Acquisition of Khure:** On April 26, 2021, MCI acquired 100% of the outstanding common shares of Khure for aggregate consideration of up to \$12.6 million. Khure's technology platform harnesses clinical data, enabling physicians to rapidly screen and identify patients with rare diseases and facilitate more personalized treatment. Khure experienced a record year in 2021, with year-over-year revenue growth in excess of 70%. Khure has successfully secured strategic partnership agreements with 2 of the top 4 electronic medical record companies in English-speaking Canada, has deployed AI-enabled algorithms to screen more than 80 rare diseases and has completed more than five million patient screenings.
- **Strategic Investments & Commercial Partnerships:** MCI completed a number of strategic investments throughout 2021 with existing and potential future commercial partners, including: Regen Scientific Inc., a personalized, preventative, and regenerative health provider in Canada, Ariel Precision Medicine, Inc., whose business focuses on precision diagnosis and targeted therapeutics, Acorn Biolabs Inc., a healthcare technology company with a focus on regenerative medicine, which offers a non-invasive live cell collection, analysis and cryopreservation service, and ORO Health Inc., a dermatologically-focused, specialized telemedicine and virtual health care provider and is the developer of the DermaGo platform.
- **Financing & Liquidity:** On January 6, 2021, the Company completed its initial public offering, raising net proceeds of \$27.6 million. Following a series of significant acquisitions and investments, and a year of expenses relating to the Company's transformation into a public company, cash remained at \$7.1 million at the end of 2021, compared to \$0.9 million at the end of 2020.
- **Telehealth & Virtual Care:** On February 17, 2021, the Company announced the launch of MCI Connect, 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. The Company set a record year for telehealth sessions in 2021, with nearly 300,000 patients accessing MCI's high-performance healthcare network via telephone consults and MCI Connect, up from 200,000 in 2020.
- **Net Losses:** Net losses for the year were \$15.5 million, as compared to net losses of \$1.0 million in the previous year, heavily driven by investments in resources supporting data-driven technology efforts and reflecting increased expenses relating to expansion of personnel, share-based compensation and transaction-related expenses as the Company continues to focus on rapid growth and expansion.
- **Adjusted EBITDA:** Adjusted EBITDA<sup>(1)</sup> for the year was negative \$4.6 million, as compared to an Adjusted EBITDA of positive \$2.3 million in the previous year.

#### **Fourth Quarter 2021 Highlights**

Significant financial and operational highlights for MCI during the fourth quarter of 2021 included:

- **Revenue Growth Year-on-year:** Revenue for the fourth quarter of 2021 increased 27% over the same period in 2020, driven by the ongoing recovery of publicly-insured health services, ongoing growth from corporate health services, and revenue contributed by recently acquired businesses. Total revenue for the three months ended December 31, 2021 was \$13.9 million, compared to total revenue of \$11.0 million in the comparable period in 2020.
- **Data-Driven Initiatives:** The Company has entered into a three-year agreement with a global leader in data science and security to enable a data backbone that will facilitate access to the health information over which the Company has custody, including its fast-growing database of more than 2.5 million health records, and provide the foundation for the Company's smart referral system to dramatically shorten the time between primary care visits and specialist referral visits for patients. The partnership will significantly accelerate MCI's data strategy in disease screening, novel referral optimization, and other custom data and precision medicine initiatives.
- **Khure Health Momentum:** In the fourth quarter of 2021, Khure reached its first earn-out milestone related to its acquisition by the Company, while having a record year for revenue.
- **Growth in Corporate Customers:** The Company added 31 new corporate health customers in the three months ended December 31, 2021, and began offering corporate health services through its five Calgary clinics.
- **Net Losses:** Net losses for the quarter were \$4.8 million, as compared to net losses of \$2.1 million for the same quarter in

the previous year.

- **Adjusted EBITDA:** Adjusted EBITDA<sup>(1)</sup> for the quarter was negative \$1.5 million, as compared to an Adjusted EBITDA of negative \$1.8 million in the same period last year.

## Outlook

MCI expects to accelerate total company revenue growth in fiscal 2022 as it executes its strategic plan on multiple fronts including:

- Organic growth of government insured health services from its omnichannel network of clinics, telehealth, the MCI Connect virtual platform and a substantial increase in its physician base from new physician recruiting efforts.
- Continued organic growth in health services provided to corporate customers, as it expands its customer base, increases the number of available service offerings and ramps up its efforts to service National and Calgary-based customers.
- New technology partnerships and strategic acquisitions to accelerate its technology roadmap.
- Technology revenue is expected to increase, without the need for any material additional investment: the Company has more than 15 clinical trial and screening engagements with global pharma companies actively underway, as the Company continues momentum targeting the \$300 billion North America data and analytics market segment opportunity, with its AI-enabled SaaS platform that provides advanced analytics to third parties. Concrete opportunities are being explored with top pharmaceutical companies, pharmaceutical marketing companies, precision medicine companies and top-tier university centres.
- The Company is further scaling development of its data analytics platform BrightOS, which is expected to become broadly available to the Company's physicians as a tool to aid in their daily operations as well to external customers later in 2022. Versions of MCI Connect for mobile phones and connected wearables such as Apple iWatch are expected to launch in early 2022.
- 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.
- Exploration of commercial relationships that leverage expressed interest in Khure's AI-driven clinical evidence around rare diseases to accelerate patient recruitment for clinical trials, accelerate patient access to treatment, support regulatory decision-making through the application of real-world evidence and set the foundations for new AI technologies, and the launch of Khure's cloud-based version.

## Conference Call Details

MCI will hold a conference call to discuss progress on its key strategic initiatives and financial results for fiscal 2021 on March 31, 2022 at 5:00 pm ET. Participants are encouraged to access the call at least 10 minutes prior to start.

Date: Thursday, March 31, 2022  
 Time: 5:00 pm (ET)  
 Duration: 60 minutes

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

Conference Call ID: 5633887

Webcast link: <https://edge.media-server.com/mmc/p/c7j85u55>

## Selected Unaudited Financial Information

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

	Three months ended December 31		Period over period Change		Year ended December 31		Period over period Change	
	2021	2020	\$	%	2021	2020	\$	%
	(\$ in thousands except percentages)							
Revenues	\$ 13,936	\$ 10,983	2,953	27	\$ 47,817	\$ 38,573	\$ 9,244	24
Cost of sales	8,986	7,687	1,299	17	32,806	25,649	7,157	28
Gross profit	4,951	3,296	1,655	50	15,011	12,924	2,087	16

Research and development	74	-	74	NM	155	-	155	NM
General and administrative Sales and marketing	437	35	402	1,149	1,115	125	990	792
General and administrative General and administrative	9,619	5,827	3,792	65	30,181	13,614	16,567	122
	10,130	5,862	4,189	71	31,451	13,739	17,712	129
Net finance costs	146	128	18	14	484	543	(59)	(11)
Income from investments	3	-	3	NM	-	-	-	NM
FV changes-contingent consideration	(608)	-	(608)	NM	(608)	-	(608)	NM
Gain (loss) On sublease	(28)	(10)	(18)	176	(28)	(19)	(9)	47
	(487)	118	(605)	513	(152)	524	(676)	129
<b>Income (loss) before taxes</b>	(4,692)	(2,684)	(1,930)	72	(16,288)	(1,339)	(14,949)	1,116
Income taxes	119	(627)	767	NM	(747)	(312)	(435)	NM
<b>Net Income (loss)</b>	(4,811)	(2,057)	(2,754)	134	(15,541)	(1,027)	(14,514)	1,413
Adjusted gross profit <sup>(2)</sup>	5,113	3,296	1,817	55	15,438	12,924	2,514	19
Adjusted gross margin <sup>(2)</sup>	36.7	30.1%			32.3%	33.5%		
Adjusted EBITDA <sup>(1)</sup>	(1,514)	(1,832)	317	(17)	(4,644)	2,342	(6,986)	(298)
Adjusted EBITDA margin <sup>(1)</sup>	(10.9%)	(16.7%)			(9.7%)	6.1%		
Weighted average number of Of Share outstanding: Basic and diluted	49,635,306	38,306,000			47,998,837	38,332,737		
Net income (loss) per share -Basic and diluted	\$ (0.10)	\$ (0.05)			\$ (0.33)	\$ (0.03)		

(1), (2) Financial measures described as "Adjusted" in the table above are non-IFRS financial measures and may not be comparable to other similar measures disclosed by other companies, please see *Non-IFRS Financial Measures* below for more information.

#### Selected Statement of Financial Position Data

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

	Year ended December 31	
	2021	2020
	\$ in thousands	
Cash	7,142	894
Accounts receivable	6,328	3,637
Related party loan	-	1,210
Accounts payable and accrued liabilities	(9,527)	(6,998)
Lease liabilities	(14,347)	(13,833)
Other liabilities	(130)	(80)
Non-controlling interest redeemable liability	(1,305)	-
Liability for contingent consideration	(3,122)	-

#### Non-IFRS Financial Measures

The terms Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Gross Profit and Adjusted Gross Margin used in this document do not have any standardized meaning under IFRS, may not be comparable to similar financial measures disclosed by other companies and should not be considered a substitute for, or superior to, IFRS financial measures. Readers are advised to review the section entitled "*Non-IFRS Financial Measures*" in the Company's management discussion and analysis for the three months and year ended December 31, 2021, available on MCI's SEDAR page at [www.sedar.com](http://www.sedar.com), for a detailed explanation of the composition of these measures and their uses.

(1) The following table reconciles Adjusted EBITDA and Adjusted EBITDA Margin to net income (loss) for the three months and year ended December 31, 2021 and December 31, 2020:

	Three months ended December 31		Year ended December 31	
	2021	2020	2021	2020
	\$ in thousands			
<b>Total Revenue</b>	\$ 13,936	\$ 10,983	\$ 47,817	\$ 38,573

Net income (loss)	(4,811)	(2,057)	(15,541)	(1,027)
Add back (deduct)				
Depreciation and amortization	1,296	733	4,309	2,955
Net finance charges	163	142	542	607
Loss from investments	3	-	-	-
Expected credit losses	330	1	696	202
Income taxes expense (recovery)	120	(627)	(747)	(312)
Gain on sublease contracts	(28)	(10)	(28)	(19)
Share-based payment expense	1,741	-	6,111	-
Lease interest revenue	(16)	(14)	(58)	(64)
Acquisition related legal expenses	296	-	679	-
Fair value changes in contingent consideration	(608)	-	(608)	-
Adjusted EBITDA	\$ (1,514)	\$ (1,832)	\$ (4,644)	\$ 2,342
Adjusted EBITDA Margin	(10.9%)	(16.7%)	(9.7%)	6.1%

(2) The following table reconciles Adjusted Gross Profit and Adjusted Gross Margin to revenue and cost of sales for the three months and year ended December 31, 2021 and December 31, 2020:

	Three months ended		Period over		Year ended		Period over	
	December 31		period Change		December 31		period Change	
	2021	2020	\$	%	2021	2020	\$	%
(\$ in thousands except percentages)								
Revenue	13,936	10,983	2,953	27%	47,817	38,573	9,244	24%
Cost of sales	8,986	7,687	1,299	17%	32,806	25,649	7,157	28%
Less:								
Depreciation and amortization	(163)	-	(163)	NM	(427)	-	(427)	NM
	8,823	7,687	1,136	15%	32,379	25,649	6,730	26%
Adjusted gross profit	5,113	3,296			15,438	12,924		
Adjusted gross margin	36.7%	30.1%			32.3%	33.5%		

## 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 one million patients annually and had nearly 300,000 telehealth visits last year. MCI additionally offers an expanding suite of occupational health service offerings that support a growing list of over 550 corporate customers. Led by a proven management team of doctors and experienced executives, MCI is 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, commercial arrangements 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, commercial arrangement and acquisition targets or opportunities and MCI's ability to consummate them; MCI's ability to effectively integrate existing and 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; 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, 2022, 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.*