



MCI Onehealth Provides Update on Ongoing Review of Strategic Alternatives

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TORONTO, April 20, 2023 (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 provided an update on its ongoing review of strategic alternatives for the Company.

"We are pleased to provide this update on the progress we have made over the last few weeks to address some of MCI's recent challenges," said Dr. Alexander Dobranowski, CEO of the Company. "Markets are difficult right now, and this has impacted on our ability to raise capital. Nevertheless, we are advancing a number of initiatives intended to stabilize the business in the short- to medium-term while we work towards a longer-term solution that we believe will maximize value for our stakeholders."

The Company announced earlier this month that its special committee (the "Special Committee"), comprised of two of its independent directors, is engaged in a process to evaluate and consider the Company's current financial condition, liquidity and operational challenges, as well as any possible financing, reorganization or restructuring alternatives that may be available to the Company. A summary of recent developments and initiatives implemented under the supervision of the Special Committee is set out below:

- **Exclusivity with Potential Strategic Investor:** The Company has entered into an exclusivity arrangement with a large, multi-national strategic investor, selected by the Special Committee after reviewing a number of available options, to consider a potential business combination, sale of assets, strategic partnership or other transaction or series of transactions intended to address the Company's current financial and operational challenges and provide a path to longer term profitability. No binding commitments have been made with respect to a transaction at this time and there can be no assurance that any particular transaction or outcome will be reached, or that any such transaction or outcome can be implemented even if agreed upon with the investor. A further update on the status of these discussions will be provided in due course.
- **Operational Restructuring:** The Company is continuing to take steps to reduce expenses and conserve capital in the short-term, including:
 - **Headcount Reduction:** The Company has strategically reduced its headcount in non-essential areas of the business, resulting in an overall reduction in personnel of approximately 10% since the beginning of the year.
 - **Clinic Consolidation:** In the last quarter of 2022, the Company completed the consolidation of five of its underperforming clinics in Ontario into its fourteen remaining clinics in that Province, with the aim of providing extended hours of operation, intensification of services and reduced overhead costs. The Company began realizing cost savings from the clinic consolidation in its first quarter of 2023 and expects those savings to become more pronounced over the course of the year.
 - **Landlord Negotiations:** The Company has successfully negotiated the termination of two leases for clinic locations no longer in use, improved payment terms with one of its landlords and is engaged in discussions with certain other landlords to reduce short term cash requirements.
- **Sale of Non-Core Assets:** The Company has identified certain assets peripheral to its primary business lines which it expects can be sold in the short-term to increase available liquidity. The Company, with the assistance of its professional advisors, has commenced a targeted solicitation process to identify and canvass potential purchasers for these assets on an expedited basis.
- **Financing Efforts:** The Company is working with its professional advisors and key stakeholders to identify potential sources of additional debt financing on terms acceptable to the Company and its senior lenders. These efforts are ongoing and no binding commitments have been made with respect to a financing at this time. An update will be provided in due course.

The Special Committee is continuing to seek to identify and evaluate one or more potential transactions that would be in the best interests of the Company and its stakeholders. Other than as described in this news release, the Company has not made any decisions related to strategic alternatives at this time. The Company cautions that there are no assurances that the evaluation of strategic alternatives will result in the approval or completion of any specific transaction or outcome and there is no certainty that the Company will be able to secure additional financing, or to secure it on terms favourable to the Company, or that its revenue growth and expense reduction strategies will be successful.

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 approximately 280 physicians and specialists, serves more than one million patients annually. MCI additionally offers an expanding suite of occupational health service offerings that support a growing list of more than 650 corporate customers. Led by a proven management team of doctors and experienced executives, MCI remains focused on executing a strategy centered around acquiring technology and health services that complement the company's current roadmap. For more information, visit 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 cash and liquidity; the Company's need for financing; the Company's ongoing review of strategic alternatives and the work of its Special Committee; any future commitments, transactions or outcomes pursuant to the Company's exclusivity arrangement with a potential strategic investor; the anticipated outcomes of the sales process for certain non-core assets; plans for future cost reduction and the anticipated outcome and benefits of the consolidation of some of the Company's clinics. The words "engaged in", "evaluating", "continuing to", "potential", "intend" "consider", "possible", "available", "ongoing", "advancing", "work towards", "believe", "aim", "to seek", "result in" 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 short-term working capital needs; the availability of working capital, liquidity and the Company's ability to continue to operate as a going concern; MCI's ability to negotiate and implement one or more transactions with a potential strategic investor, the terms on which such transactions can be negotiated and the anticipated outcomes of such transactions; MCI's ability to sell its non-core assets, and the terms and anticipated pricing of such sales; the anticipated effect of MCI's consolidation of clinics at the end of 2022 and other operational restructuring efforts; MCI's ability to secure additional debt or equity financing and the terms on which that financing may be secured; MCI's ability to achieve its growth and revenue strategies; the demand for MCI's products and fluctuations in future revenues; the availability of future business ventures, commercial arrangements and acquisition targets or opportunities and MCI's ability to consummate them and to effectively integrate 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; the stability of general economic and market conditions; currency exchange rates and interest rates; 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.

Readers are encouraged to review the "Liquidity and Capital Resources" section of the Company's MD&A, together with Note 2(c) of the Company's financial statements, for the year ended December 31, 2022, which indicate the existence of material uncertainties that cast significant doubt on the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on, among other things, its ability to meet its financing requirements on a continuing basis, to have access to financing and to generate positive operating results. The Company's ability to satisfy its financing requirements and ultimately achieve necessary levels of profitability and positive cash flows from operations, to raise additional funds and to improve operating results are dependent on a number of factors outside the Company's control and there can be no assurance that the Company will be able to do so in the future.

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 annual information form dated March 31, 2023, which is available under MCI's SEDAR profile at 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.