



MCI Onehealth Reports 30% Increase in Revenue, On Track for Record Year in Patient Visits

First Quarter 2022 Financial Results Maintain Growth Trends

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- **30% increase in revenue** over the same period last year, driven by higher patient volumes and the acquisitions of Khure Health and Polyclinic in 2021. Quarterly revenue of \$13.0 million, on track for another record year in multiple business units.
- **Patient volumes up 12%** over the same period last year, excluding increases from acquisitions.
- **Doubling of specialist visits** through in-network care pathway optimization and significant advancement in both the rollout of the Company's smart referral system that leverages the Company's new data backbone and standing-up the Company's data lake to support customers seeking access to analytic insights contained in the Company's 2.9 million health records, up from 2.5 million.
- **Number of physicians in the MCI network at record numbers, ending first quarter with nearly 260** physicians and specialists providing care in-clinic and virtually, most specialist appointments delivered within four weeks of referral, and adding additional physicians at a rate of approximately five per month.
- **Pipeline of up to \$4 million worth of projects for health data insights** expected from launch of MCI's data lake.
- **Binding commitment from founding shareholders to provide up to \$5 million of debt financing** to the Company at any time prior to December 31, 2023. The financing is available to the Company upon request to ensure the Company executes on its strategic business plan.
- **Polyclinic acquisition performing well**, contributing 15.8% of the Company's revenue.

TORONTO, May 16, 2022 -- 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- month period ended March 31, 2022.

"We're seeing terrific growth in patient visit volumes, which are significantly on the rise from the increasing availability of MCI health services across multiple platforms, including our clinic network, MCI Connect and telehealth, and from added convenience for the patients that come to us from our corporate relationships," said **Dr. Alexander Dobranowski, CEO of MCI**. "Importantly, we're seeing not just *more* patients, but *returning* patients getting the comprehensive care they deserve, efficiently and effectively delivered by the integration of specialist health care directly within the MCI network. Our high-performance healthcare network is delivering our goal: more preventative, more personalized medicine with continuity of care that creates a more satisfying patient journey. In keeping with our strategy to be a preeminent health technology leader, we're securing interest from more and more data partners who recognize the valuable insights to be gained from the full-perspective patient health journeys that MCI's tech-enabled network is uniquely able to capture."

The Company's concierge health care offering continues to add members organically, including a 12% increase in membership in the first quarter. MCI's clinical research organization, Canadian Phase Onward, currently has nine client-sponsored research studies underway for a variety of therapeutic indications for a number of North America's top pharma and nutraceutical companies. MCI's Corporate Health Solutions (CHS) is poised to launch a B2C e-commerce site for health products and health services. Virtual consultations for international insurance patients, and Urgent Workplace Injury Visits on MCI Connect, the Company's virtual care platform, are also coming online through the expanding CHS portfolio.

"The strong patient revenue outcomes we've generated, and the steady progress we've made in integrating now-complementary business units, is the inspiration for our founding shareholders to commit additional funding to facilitate the timely and effective roll-out of our data-driven revenue initiatives in the months to come," added **Dobranowski**.

Based on its current cash position, operating budgets, positive cash flow forecasts, untapped lines of credit and access to funds through its largest shareholders, the Company believes that it has sufficient cash to support and sustain its plans for the foreseeable future.

A summary of MCI's financial and operational highlights for the quarter 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. 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.

First Quarter 2022 Highlights

Significant financial and operational highlights for MCI during the first quarter of 2022 included:

- Revenue Growth Year-on-year: Revenue for the first quarter of 2022 increased 30% over the same period in 2021, driven by increased patient volumes and revenue contributed by recently acquired businesses. Total revenue for the three months ended March 31, 2022, was \$13.0 million, compared to total revenue of \$10.0 million in the comparable period in 2021.
- Increased Patient Volumes: Patient volumes grew approximately 12%, year-on-year, excluding increases from recently acquired businesses. Patient volumes continued to improve as COVID-19 restrictions ease and pent-up demand for health services continues to grow.
- Smart Referral System: The Company has made significant progress in rolling out its smart referral system, the first application to leverage the data backbone which the Company is developing with a leading data analytics partner. The smart referral system streamlines the flow of patient referrals from general practitioners to specialists within the Company's network, optimizing patient care pathways and increasing revenue from existing customers.
- Information and Data Analytics: The Company has also made significant progress in standing-up its data lake, comprised of its ever-increasing volume of health records, currently at 2.9 million. The Company anticipates that in the second and third quarters of 2022 it will begin servicing customers looking for data insights from these records, which are highly relevant for pharma, life sciences, health industry, clinical researchers and AI-technology developers.
- Growth in Corporate Customers: The Company added 20 new corporate health customers in the first quarter of 2022, including a national program for a national retailer (pre-placement testing) and new national insurance programs with **Bupa Global**, **Faulk**, **World Travel Protection** and **Euro-Centre**, as well as launching new insurance medical services in Ontario to **Sunlife's** program for **UHIP/CHIP** and providing medical testing services for an oil and gas sector leader and the **US Embassy** in Toronto. Additionally, MCI Corporate Health Solutions was awarded the tender for **Metrolinx** (Job Demands Analysis). Overall revenue from corporate health services declined during the quarter due to decreased demand for COVID-19 testing but is expected to recover as more customers are onboarded and new service offerings come online.
- Net Losses: Net losses for the quarter were \$4.2 million, as compared to a loss of \$2.5 million in the same quarter in the previous year, reflecting increased expenses relating to investment in R&D, share-based compensation and acquisition-related expenses as the Company continues to focus on rapid growth and expansion.
- Adjusted EBITDA: Adjusted EBITDA⁽¹⁾ for the quarter was negative \$2.4 million, as compared to an Adjusted EBITDA of negative \$0.6 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 further activate MCI's pipeline of interests in health data insights from the Company's data lake
- Exploration of commercial relationships that leverage expressed interest in Khure's AI-driven clinical evidence around rare, chronic and specialty 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
- More than 15 clinical trial and screening engagements with global pharma companies actively underway
- Continued momentum targeting the \$300 billion North America data and analytics market segment opportunity, with MCI's AI-enabled SaaS platform that provides advanced analytics to third parties
- Opportunities are being explored with top pharmaceutical companies, pharmaceutical marketing companies, precision medicine companies and top-tier university centres
- Launch of versions of MCI Connect for mobile phones and connected wearables such as Apple iWatch
- 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

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 2022, on May 16, 2022, at 5:30 pm ET. Participants are encouraged to access the call at least 10 minutes prior to start.

Date: Monday May 16, 2022
 Time: 5:30 pm (ET)
 Duration: 60 minutes

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

Conference Call ID: 6946137

Webcast link: <https://edge.media-server.com/mmc/p/3z7s9xra>

Selected Unaudited Financial Information

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

	Quarter ended March 31		Period over period Change	
	2022	2021	\$	%
	(\$ in thousands except percentages)			
Revenues	\$ 13,020	\$ 10,030	\$ 2,990	30
Cost of sales	8,926	6,631	2,295	35
Gross profit	4,094	3,399	695	20
Research and development	1,830	-	1,830	NM
Sales and marketing	412	21	390	NM
General and administrative	6,615	6,002	613	10
	8,857	6,023	2,834	47
Net finance costs	132	112	20	18
Share of net loss of associate	142	-	142	NM
	274	112	162	145
Income (loss) before taxes	(5,037)	(2,736)	(2,301)	84
Income taxes	(814)	(278)	(536)	NM
Net Income (loss)	(4,223)	(2,458)	(1,765)	72
Adjusted gross profit ⁽²⁾	4,252	3,399	853	25
Adjusted gross margin ⁽²⁾	32.7%	33.9%		
Adjusted EBITDA ⁽¹⁾	(2,421)	(603)	(1,817)	301
Adjusted EBITDA margin ⁽¹⁾	(18.6%)	(6.1%)		
Weighted average number of Share outstanding:				
Basic and diluted	50,075,202	45,733,000		
Net income (loss) per share				
-Basic and diluted	\$ (0.09)	\$ (0.05)		

(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

	March 31,	December
	2022	31, 2021
\$ in thousands		
Cash	3,421	7,142
Accounts receivable	6,063	6,328
Accounts payable and accrued liabilities	(8,585)	(9,527)
Lease liabilities	(15,058)	(14,347)
Other liabilities	(130)	(130)
Non-controlling interest redeemable liability	(1,305)	(1,305)
Liability for contingent consideration	(3,122)	(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 quarter ended March 31, 2022, available on MCI’s SEDAR page at 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-month periods ended March 31, 2022, and March 31, 2021:

	Three months ended March 31	
	2022	2021
	\$ in thousands	
Total Revenue	\$ 13,020	\$ 10,030
Net income (loss)	(4,223)	(2,458)
Add back (deduct)		
Depreciation and amortization	1,221	716
Finance charges	147	125
Loss on investment	142	-
Expected credit losses	-	56
Income taxes expense (recovery)	(814)	(278)
Share-based payment expense	1,122	1,248
Lease interest revenue	(15)	(12)
Adjusted EBITDA	\$ (2,421)	\$ (605)
Adjusted EBITDA Margin	(18.6%)	(6.1%)

(2) The following table reconciles Adjusted Gross Profit and Adjusted Gross Margin to revenue and cost of sales for the three - month periods ended March 31, 2022, and March 31, 2021:

	Three months ended March 31		Period over period Change	
	2022	2021	\$	%
	(\$ in thousands except percentages)			
Revenue	\$ 13,020	\$ 10,030	\$ 2,990	30%
Cost of sales	8,926	6,631	2,295	35%
Less:				
Depreciation and amortization	(158)	-	(158)	NM
	8,768	6,631	2,137	32%
Adjusted gross profit	\$ 4,252	\$ 3,399		
Adjusted gross margin	32.7%	33.9%		

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 nearly 260 physicians and specialists, serves more than one million patients annually and had nearly 300,000 telehealth visits last year, including online visits via mciconnect.ca. MCI additionally offers an expanding suite of occupational health service offerings that support a growing list of nearly 600 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 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", "on track", "pipeline", "to be gained", "poised", "continues to", "facilitate", "is developing", "coming online" 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 annual information form dated March 31, 2022, each of 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.