

NEUPATH HEALTH DELIVERS 9% REVENUE GROWTH IN Q1 2022

- Total revenue increased by 9% to \$15.4 million in the quarter
- Non-clinic revenue increased by 45% to \$0.9 million in the quarter
- 13th consecutive quarter of positive adjusted EBITDA⁽¹⁾
- Fueling future growth with completion of three new fluoroscopy suites

TORONTO, ONTARIO, May 26, 2022 – NeuPath Health Inc. (TSXV:NPTH), (“NeuPath” or the “Company”), owner and operator of a network of clinics delivering category-leading chronic pain treatment, today announced its financial and operating results for the three months ended March 31, 2022. All figures are in Canadian dollars, unless otherwise noted.

Financial and Operational Highlights

- Strong quarterly revenue of \$15.4 million compared to \$14.2 million in the comparable quarter;
- Non-clinic revenue growth to \$0.9 million compared to \$0.7 million in the comparable quarter;
- Adjusted EBITDA was \$0.3 million for the three months ended March 31, 2022 compared to \$1.0 million for the comparable quarter;
- Completed construction of three new fluoroscopy suites in the quarter, which allows the Company to expand its service offerings and drive additional revenue growth; and
- On target to begin offering the Company’s remote patient management technology to patients in the summer.

“NeuPath made a great deal of progress towards building a platform for future growth in the form of fluoroscopy suite construction and build out of the Company’s proprietary technology,” stated Grant Connelly, NeuPath’s Chief Executive Officer. “Despite challenging conditions in the Company’s clinics due to Omicron, we saw a return to more normal conditions in March that helped us deliver the third highest quarterly revenue in the Company’s history.”

Q1 2022 Financial Results

Total revenue is comprised of clinic revenue and non-clinic revenue. Total revenue was \$15.4 million for the three months ended March 31, 2022 compared to \$14.2 million for the three months ended March 31, 2021. Clinic revenue was \$14.5 million for the three months ended March 31, 2022 compared to \$13.5 million for the three months ended March 31, 2021. The increase was primarily driven by the inclusion of HealthPointe Medical Centres Ltd.’s (“HealthPointe’s”) revenue for the entirety of the current quarter, as HealthPointe was acquired in February 2021. Capacity utilization for the three months ended March 31, 2022 was 62%, consistent with the comparative quarter. Non-clinic revenue was \$0.9 million for the three months ended March 31, 2022 compared to \$0.7 million for the three months ended March 31, 2021.

Gross margin % was 17.2% for the three months ended March 31, 2022 compared to 21.0% for the three months ended March 31, 2021. The decrease in gross margin was primarily due to proportionately higher physician costs as a percentage of revenue, and increased clinic staff and nurse wages. Gross margin for both the current and comparative quarter were impacted by remuneration payment accruals due to the HealthPointe acquisition. Excluding these transaction-related accruals and Canada Emergency Wage Subsidy (“CEWS”), gross margin % would have been 18.4% for the three months ended March 31, 2022 compared to 22.0% for the three months ended March 31, 2021. (See *Non-IFRS Financial Measures - Gross Margin*).

For the three months ended March 31, 2022, adjusted EBITDA was \$0.3 million compared to \$1.0 million in the three months ended March 31, 2021. The decrease in adjusted EBITDA was primarily due to the decrease in gross margin and higher general and administrative expenses.

⁽¹⁾ Non-International Financial Reporting Standard (“IFRS”) and Other Financial Measures defined by the Company below.

Non-IFRS Financial and Other Measures

The Company discloses non-IFRS measures (such as EBITDA, adjusted EBITDA, gross margin and adjusted gross margin) and non-IFRS ratios (such as gross margin % and adjusted gross margin %) that do not have standardized meanings prescribed by International Financial Reporting Standards (IFRS). The Company believes that shareholders, investment analysts and other readers find such measures helpful in understanding the Company's financial performance. Non-IFRS financial measures and other measures do not have any standardized meaning prescribed by IFRS and may not have been calculated in the same way as similarly named financial measures presented by other reporting issuers and therefore unlikely to be comparable to similar measures presented by other companies. Furthermore, these non-IFRS measures and other measures should not be considered in isolation or as a substitute for measures of performance or cash flows as prepared in accordance with IFRS. These measures should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS.

EBITDA and Adjusted EBITDA

EBITDA refers to net income (loss) determined in accordance with IFRS, before depreciation and amortization, net interest expense (income) and income tax expense (recovery). The Company defines adjusted EBITDA, as EBITDA, excluding stock-based compensation expense, restructuring costs, fair value adjustments, transaction costs, impairment charges and finance income. Management believes EBITDA and adjusted EBITDA are useful supplemental non-GAAP measures to determine the Company's ability to generate cash available for working capital, capital expenditures, debt repayments, interest expense and income taxes.

The following table provides a reconciliation of net loss and comprehensive loss to EBITDA and adjusted EBITDA:

	Three months ended March 31, 2022	Three months ended March 31, 2021
	\$	\$
Net loss and comprehensive loss	(910)	(702)
Add back:		
Depreciation and amortization	724	725
Net interest expense	206	214
Income tax expense	51	124
EBITDA	71	361
Add back:		
Stock-based compensation	20	77
Transaction costs ¹	231	611
Finance income	(7)	(9)
Adjusted EBITDA	315	1,040
Attributed to:		
Shareholders of NeuPath Health Inc.	318	1,040
Non-controlling interest	(3)	-
	315	1,040

¹ For the three months ended March 31, 2022 and 2021, \$188 of accrued contingent consideration that under IFRS 3, *Business Combinations* ("IFRS 3") was not permitted to be included in the acquisition cost and has been accounted for as remuneration rather than consideration transferred.

Gross Margin, Gross Margin %, Adjusted Gross Margin and Adjusted Gross Margin %

Management believes gross margin, gross margin %, adjusted gross margin and adjusted gross margin % are important supplemental non-GAAP measures for evaluating operating performance and to allow for operating performance comparability from period-to-period. Gross margin is calculated as total revenue minus cost of medical services. Gross margin % is calculated as gross margin divided by total revenue. Adjusted gross margin is calculated as gross margin, plus remuneration payment accruals related to the HealthPointe acquisition, Restricted Share Unit award accruals related to the HealthPointe physician vendors, and CEWS payroll subsidies available under the COVID-19 Economic Response Plan that were included in cost of medical services. Adjusted gross margin % is calculated as adjusted gross margin divided by total revenue.

The following table provides a reconciliation of total revenue to gross margin and adjusted gross margin:

	Three months ended March 31, 2022	Three months ended March 31, 2021
	\$	\$
Clinic revenue	14,468	13,542
Non-clinic revenue	943	651
Total revenue	15,411	14,193
Cost of medical services	12,761	11,215
Gross margin¹	2,650	2,978
Gross margin %¹	17.2%	21.0%
Add back:		
HealthPointe remuneration payment accruals ²	188	188
CEWS payroll subsidies ³	-	(47)
Adjusted gross margin¹	2,838	3,119
Adjusted gross margin %¹	18.4%	22.0%

¹ Gross margin, gross margin %, adjusted gross margin and adjusted gross margin % are non-IFRS measures. Please refer to *Non-IFRS Financial Measures* above.

² Includes accrued contingent consideration that under IFRS 3 was not permitted to be included in the acquisition cost and has been accounted for as remuneration rather than consideration transferred.

³ CEWS payroll subsidies available under the COVID-19 Economic Response Plan that were included in cost of medical services.

For further details on the results, please refer to NeuPath's Management, Discussion and Analysis and Condensed Consolidated Interim Financial Statements for the three months ended March 31, 2022, which are available on the Company's website (www.neupath.com) and under the Company's profile on SEDAR (www.sedar.com).

About NeuPath

NeuPath is a vertically integrated health care provider utilizing research, data-driven insights, technology, and interdisciplinary care to help restore function for patients impacted by chronic pain, spinal injuries, sport-related injuries, and concussions. With equity ownership in seventeen clinics in Ontario and Alberta, NeuPath is building out a large-scale network to better serve patients across Canada and the United States. NeuPath is focused on transforming the hope of a better life into the reality of a life more fully lived.

Forward-Looking Statements

This news release contains forward-looking statements. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future including, without limitation, the execution of the Company's expansion strategy in 2022, including the build out of the Company's network in Alberta are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company. Factors that could cause actual results or events to differ materially from current expectations included in this news release include, among other things, the severity, duration and spread of the COVID-19 outbreak, as well as its direct and indirect impacts that the pandemic may have on the Company's operations, adverse market conditions, risks associated with obtaining and maintaining the necessary governmental permits and licenses related to the business of the Company, increasing competition in the market and other risks generally inherent in the chronic pain, sports medicine, concussion and workplace health services markets. A comprehensive discussion of these and other risks and uncertainties can be found in the Company's annual information form dated March 17, 2022 filed on SEDAR under the Company's profile at www.sedar.com.

Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions underlying the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to their inherent uncertainty.

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