

NEUPATH HEALTH REPORTS RECORD QUARTERLY REVENUES WITH FIRST QUARTER 2024 RESULTS

- **Delivered record first quarter total revenue of \$17.5 million, up 9% year-over-year**
- **Adjusted EBITDA⁽¹⁾ of \$0.9 million, our 21st consecutive quarter of positive adjusted EBITDA**
- **Improved cash flows, closing cash and cash equivalents balance of \$2.6 million, up more than 300% year-over-year**

TORONTO, ONTARIO, May 16, 2024 – 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, 2024. All figures are in Canadian dollars, unless otherwise noted.

“The work over the past 18 months is yielding consistent results, as demonstrated by our record quarterly revenue, improved capacity utilization, improved adjusted EBITDA and our reducing net debt,” said Joe Walewicz, NeuPath’s Chief Executive Officer. “The focus on facility improvements and footprint will positively impact results in the second half of 2024, and we continue to evaluate opportunities to add more physicians, to serve more patients, in more locations, providing greater community access to medically necessary treatments.”

Financial and Operational Highlights

- Total revenue was \$17.5 million for the three months ended March 31, 2024 compared to \$16.1 million for the three months ended March 31, 2023, up 9% compared to the first quarter of 2023, delivering record first quarter revenues;
- Adjusted EBITDA was \$0.9 million for the three months ended March 31, 2024 compared to \$0.7 million for the three months March 31, 2023, up 29% year-over-year;
- For the three months ended March 31, 2024, capacity utilization improved to 72%, up from 65% in the first quarter of 2023;
- As at March 31, 2024, the Company had \$2.6 million in cash and cash equivalents and long-term debt of \$6.0 million, of which \$2.4 million is interest-bearing; and
- On January 12, 2024, the Company closed the acquisition of the assets of SIBI Medical Inc., operating as the London Spine Centre in London, Ontario. The London Spine Centre has an interdisciplinary group of healthcare providers that use evidence-based care to help treat back, neck and other spinal conditions.

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

Q1 2024 Financial Results

Total Revenue

Total revenue is comprised of clinic revenue and non-clinic revenue. Total revenue was \$17.5 million for the three months ended March 31, 2024 compared to \$16.1 million for the three months ended March 31, 2023.

Clinic Revenue

Clinic revenue is generated through the provision of medical services to patients. Clinic revenue was \$16.2 million for the three months ended March 31, 2024 compared to \$14.9 million for the three months ended March 31, 2023. The increase in clinic revenue for the three months ended March 31, 2024 was primarily due to stronger revenues from fluoroscopy and existing medical clinics. Capacity utilization was 72% for the three months ended March 31, 2024, compared to 65% for the three months ended March 31, 2023. The improvement in capacity utilization was primarily driven by stronger revenues and continued optimization of clinic space.

Non-clinic Revenue

Non-clinic revenue was \$1.3 million for the three months ended March 31, 2024 compared to \$1.2 million for the three months ended March 31, 2023. Non-clinic revenue is earned from physician staffing allocation services where the Company provides physicians for provincial and federal correctional institutions across Canada, and from contract research services provided to pharmaceutical companies and clinical research organizations. This revenue fluctuates depending on the need for physicians in certain institutions and the timing and enrolment of clinical studies that the Company is working on.

Gross margin % was 18.5% for the three months ended March 31, 2024 compared to 18.0% for the three months ended March 31, 2023. The increase in gross margin was primarily driven by higher revenues from fluoroscopy compared to the comparative quarter. (see *Non-IFRS Financial Measures - Gross Margin and Gross Margin %*).

Adjusted EBITDA was \$0.9 million for the three months ended March 31, 2024 compared to \$0.7 million for the three months March 31, 2023.

Liquidity and Capital Resources

As at March 31, 2024, the Company's net debt was \$3.5 million, compared to \$5.8 million as at March 31, 2023. The Company's net debt as at March 31, 2024 consisted of \$2.6 million of cash and cash equivalents and long-term debt of \$6.0 million compared to \$0.6 million of cash and cash equivalents and long-term debt of \$6.5 million as at March 31, 2023.

Non-IFRS Financial and Other Measures

The Company discloses non-IFRS measures (such as EBITDA, adjusted EBITDA, and gross margin) and non-IFRS ratios (such as 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, gain on derecognition of other obligations, fair value adjustments, transaction costs, impairment charges, gain on sale of building, government loan forgiveness 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 operations, working capital, capital expenditures, debt repayments, interest expense and income taxes.

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

	Three months ended March 31, 2024	Three months ended March 31, 2023
<i>(in thousands)</i>	\$	\$
Net and comprehensive loss	(344)	(225)
Add back:		
Depreciation and amortization	581	628
Interest cost	239	184
Income tax expense	57	53
EBITDA	533	640
Add back:		
Stock-based compensation	34	47
Transaction costs	284	31
Finance income	-	(3)
Adjusted EBITDA	851	715
Attributed to:		
Shareholders of NeuPath Health Inc.	797	727
Non-controlling interest	54	(12)
	851	715

Gross Margin and Gross Margin %

Management believes gross margin and 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.

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

	Three months ended March 31, 2024	Three months ended March 31, 2023
<i>(in thousands, except for %s)</i>	\$	\$
Clinic revenue	16,168	14,882
Non-clinic revenue	1,318	1,179
Total revenue	17,486	16,061
Cost of medical services	14,253	13,165
Gross margin⁽¹⁾	3,233	2,896
Gross margin %⁽¹⁾	18.5%	18.0%

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

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, 2024, which are available on the Company's website (www.neupath.com) and under the Company's profile on SEDAR+ (www.sedarplus.ca).

About NeuPath

NeuPath operates a network of healthcare clinics and related businesses focused on improved access to care and outcomes for patients by leveraging best-in-class treatments and delivering patient-centered multidisciplinary care. We operate a network of medical clinics in Ontario and Alberta that provide comprehensive assessments and rehabilitation services to clients with chronic pain, musculoskeletal/back injuries, sports related injuries and concussions. In addition, NeuPath provides workplace health services and independent medical assessments to employers and disability insurers through a national network of healthcare providers, as well as contract research services to pharmaceutical and biotechnology companies. NeuPath is focused on enabling each individual to live their best life. For additional information, please visit www.neupath.com.

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 Company's expectation of continued operational improvements in 2024 and the execution of the Company's growth opportunities 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, 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 14, 2024 filed on SEDAR+ under the Company's profile at www.sedarplus.ca.

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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