NEUPATH HEALTH REVENUE GROWTH ACCELERATES TO 42% IN Q2 2021

- **Total medical services revenue increased by 42% to $15.9 million in the quarter**
- **Achieved record quarterly revenue and capacity utilization**
- **Adjusted EBITDA increased by 28% to $0.8 million in the quarter**
- **10th consecutive quarter of positive adjusted EBITDA**
- **Acquisition of KumoCare to further expand the Company's virtual care and telemedicine offerings**

TORONTO, ONTARIO, August 12, 2021 – NeuPath Health Inc. (TSXV:NPTH), ("NeuPath" or the "Company"), owner and operator of a network of clinics that deliver category-leading treatment for chronic pain, as well as spinal injuries, sports-related injuries, and concussions, today announced its financial and operating results for the three and six months ended June 30, 2021. All figures are in Canadian dollars, unless otherwise noted.

Financial and Operational Highlights

- Year-over-year revenue growth accelerated to 42% for the three months ended June 30, 2021;
- Record quarterly revenue of $15.9 million, compared to $11.2 million in the comparable prior year period;
- For the six months ended June 30, 2021, revenue grew by 32% to $30.1 million compared to $22.8 million for the six months ended June 30, 2020;
- Year-over-year adjusted EBITDA(1) growth of 28% and 61% for the three and six months ended June 30, 2021, respectively; and
- On June 9, 2021, the Company announced a transaction to acquire KumoCare, a virtual care platform to further expand NeuPath's virtual care and telemedicine offerings.

"NeuPath's record revenue was driven by both acquisition-related and organic growth, as evidenced by our record capacity utilization for the quarter," said Grant Connelly, CEO of NeuPath. "In order to fuel future growth, we continue to invest in initiatives like building our remote pain management technology and we also look forward to integrating KumoCare's virtual care platform. Generating 40% plus revenue growth in the current quarter, while also investing in future initiatives and generating positive operating cash flow bodes well for NeuPath's future."

Q2 2021 Financial Results

Total medical services revenue was $15.9 million for the three months ended June 30, 2021 compared to $11.2 million for the three months ended June 30, 2020. Clinic revenue for the current quarter increased by 46% to $15.2 million compared to $10.5 million in the comparative quarter. The increase in total medical services revenue was related to the acquisition of HealthPointe and improvement in capacity utilization across the Company's clinic network. For the six months ended June 30, 2021, total medical service revenue was $30.1 million compared to $22.8 million for the six months ended June 30, 2020.

For the three and six months ended June 30, 2021, gross margin(1) was 17.8% and 19.3% compared to 21.3% and 20.2% for the three and six months ended June 30, 2020. Gross margin decreased due to $0.2 million and $0.4 million of remuneration payment accruals related to the HealthPointe acquisition, and $0.3 million of Restricted Share Unit ("RSU") award accruals related to the HealthPointe physician vendors for the current three and six-month periods. Excluding these transaction-related accruals, gross margin would have been 21.1% and 21.5% for the three and six months ended June 30, 2021.

For the three months ended June 30, 2021, adjusted EBITDA increased to $0.8 million compared to $0.6 million in the comparative quarter due to an improvement in revenue. For the six months ended June 30, 2021, adjusted EBITDA was $1.8 million compared to $1.1 million for the six months ended June 30, 2020.

(1) Non-International Financial Reporting Standard ("IFRS") financial measure defined by the Company below.

Non-IFRS Financial Measures

This news release contains financial terms (such as adjusted EBITDA and gross margin) that are not considered in IFRS. Such financial measures, together with measures prepared in accordance with IFRS, provide useful information to investors and shareholders, as management uses them to evaluate the operating performance of the Company. The Company's determination of these non-IFRS measures may differ from other reporting issuers, and therefore are unlikely to be comparable to similar measures presented by other companies. Further, these non-IFRS measures should not be considered in isolation or as a substitute for measures of performance or cash flows prepared in accordance with IFRS. These financial measures are included because management uses this information to analyze operating performance and liquidity.

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).

Adjusted EBITDA
The Company defines adjusted EBITDA as EBITDA, plus stock-based compensation expense, restructuring, fair value adjustments, listing expense and transaction costs, impairment and finance income. Management believes adjusted EBITDA is a useful supplemental measure 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 adjusted EBITDA to net income (loss):

	Three Months ended June 30		Six Months ended June 30	
	2021	2020	**2021**	2020
	$	$	**$**	$
Net loss and comprehensive loss	**(1,148)**	(3,351)	**(1,850)**	(4,181)
Add back:				
Depreciation and amortization	**814**	628	**1,539**	1,260
Net interest expense	**231**	690	**445**	1,136
Income tax expense	**158**	107	**282**	207
EBITDA	**55**	(1,926)	**416**	(1,578)
Add back:				
Stock-based compensation	**415**	38	**492**	63
Fair value adjustments	**-**	242	**-**	405
Listing expense and transaction costs[1]	**305**	2,258	**916**	2,258
Finance income	**(9)**	(12)	**(18)**	(24)
Adjusted EBITDA	**766**	600	**1,806**	1,124

[1] Transaction costs includes professional fees related to the acquisition of HealthPointe and a portion of accrued contingent consideration that under IFRS 3, *Business Combinations* was not permitted to be included in the acquisition cost and has been accounted for as remuneration rather than consideration transferred.

Gross Margin
Management believes gross margin is an important supplemental measure for evaluating operating performance and to allow for operating performance comparability from period to period. Gross margin is calculated as medical services revenue minus cost of medical services, divided by medical services revenue.

For further details on the results, please refer to NeuPath's Management, Discussion and Analysis and Condensed Consolidated Interim Financial Statements for the three and six months ended June 30, 2021, 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 fifteen 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 2021, 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 25, 2021 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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