

NEUPATH HEALTH REPORTS SECOND QUARTER 2024 RESULTS

- **Delivered record second quarter total revenue of \$18.9 million, up 11% year-over-year**
- **Adjusted EBITDA⁽¹⁾ of \$1.3 million, our 22nd consecutive quarter of positive adjusted EBITDA**
- **Improved cash flows, with net debt down 37% versus June 30, 2023**

TORONTO, ONTARIO, August 15, 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 and six months ended June 30, 2024. All figures are in Canadian dollars, unless otherwise noted.

“The focus on our core clinics business over the past two years is delivering improved financial results, a reduced debt burden, and improved facilities,” said Joe Walewicz, NeuPath’s Chief Executive Officer. “In the next few quarters, we will continue to invest in our facilities to better serve our patients in the community.”

Financial and Operational Highlights

- Record total revenue of \$18.9 million and \$36.4 million for the three and six months ended June 30, 2024, up 11% and 10% year-over-year, respectively;
- Adjusted EBITDA was \$1.3 million and \$2.2 million for the three and six months ended June 30, 2024, up 30% and 22% year-over-year, respectively;
- For the six months ended June 30, 2024, capacity utilization improved to 75%, up from 68% for the six months ended June 30, 2023; and
- As at June 30, 2024, the Company had \$2.9 million in cash and cash equivalents and long-term debt of \$6.0 million, of which \$2.3 million is interest-bearing.

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

Q2 2024 Financial Results

Total Revenue

Total revenue is comprised of clinic revenue and non-clinic revenue. Total revenue was \$18.9 million and \$36.4 million for the three and six months ended June 30, 2024 compared to \$17.1 million and \$33.2 million for the three and six months ended June 30, 2023.

Clinic Revenue

Clinic revenue is generated through the provision of medical services to patients. Clinic revenue was \$17.3 million and \$33.4 million for the three and six months ended June 30, 2024 compared to \$16.0 million and \$30.9 million for the three and six months ended June 30, 2023. The increase in clinic revenue for the three and six months ended June 30, 2024 was primarily due to stronger revenues from fluoroscopy and increased patient volumes from existing medical clinics. Capacity utilization was 77% and 75% in the three and six months ended June 30, 2024 compared to 70% and 68% for the three and six months ended June 30, 2023. The improvement in capacity utilization was primarily driven by increased patient volumes and efficiency through continued optimization of clinic space.

Non-clinic Revenue

Non-clinic revenue was \$1.6 million and \$2.9 million for the three and six months ended June 30, 2024 compared to \$1.2 million and \$2.4 million for the three and six months ended June 30, 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 20.0% and 19.3% for the three and six months ended June 30, 2024 compared to 18.8% and 18.4% for the three and six months ended June 30, 2023. The increase in gross margin was primarily driven by higher revenues from fluoroscopy and increased patient volumes from existing medical clinics compared to the comparative three and six-month ended June 30, 2023. (see *Non-IFRS Financial Measures - Gross Margin and Gross Margin % below*).

Adjusted EBITDA was \$1.3 million and \$2.2 million for the three and six months ended June 30, 2024 compared to \$1.0 million and \$1.7 million for the three and six months ended June 30, 2023.

Liquidity and Capital Resources

As at June 30, 2024, the Company's net debt was \$3.1 million, compared to \$4.9 million as at June 30, 2023. The Company's net debt as at June 30, 2024 consisted of \$2.9 million of cash and cash equivalents and long-term debt of \$6.0 million compared to \$2.5 million of cash and cash equivalents and long-term debt of \$7.4 million as at June 30, 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 income (loss) to EBITDA and adjusted EBITDA:

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
<i>(in thousands)</i>	\$	\$	\$	\$
Net and comprehensive income (loss)	362	46	18	(179)
Add back:				
Depreciation and amortization	553	610	1,134	1,238
Interest cost	240	242	479	426
Income tax expense	66	71	123	124
EBITDA	1,221	969	1,754	1,609
Add back:				
Stock-based compensation	30	45	64	92
Transaction costs	70	21	354	52
Finance income	-	(3)	-	(6)
Adjusted EBITDA	1,321	1,032	2,172	1,747
Attributed to:				
Shareholders of NeuPath Health Inc.	1,235	1,043	2,032	1,770
Non-controlling interest	86	(11)	140	(23)
	1,321	1,032	2,172	1,747

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 June 30		Six months ended June 30	
	2024	2023	2024	2023
<i>(in thousands, except for %s)</i>	\$	\$	\$	\$
Clinic revenue	17,266	15,977	33,434	30,859
Non-clinic revenue	1,614	1,171	2,932	2,350
Total revenue	18,880	17,148	36,366	33,209
Cost of medical services	15,096	13,920	29,349	27,085
Gross margin⁽¹⁾	3,784	3,228	7,017	6,124
Gross margin %⁽¹⁾	20.0%	18.8%	19.3%	18.4%

⁽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 and six months ended June 30, 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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