

## Management's Discussion and Analysis

May 14, 2025 / This Management's Discussion and Analysis of the Financial Position and Results of Operations ("MD&A") is the responsibility of management and has been reviewed and approved by the Board of Directors. This MD&A has been prepared in accordance with the requirements of the Canadian Securities Administrators.

Throughout this document, NeuPath Health Inc. is referred to as "NeuPath", "we", "our" or "the Company". This MD&A provides information management believes is relevant to an assessment and understanding of the consolidated results of operations, cash flows and financial condition of the Company. The following information should be read in conjunction with the Condensed Consolidated Interim Financial Statements and the notes thereto for the three months ended March 31, 2025, the annual Consolidated Financial Statements and the notes thereto and the annual MD&A for the year ended December 31, 2024. The Condensed Consolidated Interim Financial Statements reported herein have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. NeuPath's accounting policies are in accordance with International Financial Reporting Standards ("IFRS").

Unless otherwise noted, all dollar amounts in this MD&A are expressed in thousands of Canadian dollars except per share, unit and warrant figures.

The Company uses non-IFRS financial measures in this MD&A. For a detailed reconciliation of the non-IFRS measures used in this MD&A, please see the discussion under "*Non-IFRS Financial Measures*".

## Materiality of Disclosures

This MD&A includes information we believe is material to investors. We consider something to be material if it results in, or would reasonably be expected to result in, a significant change in the market price or value of our shares, or if it is likely that a reasonable investor would consider the information important in making an investment decision.

## Forward-looking Statements

Certain statements in this MD&A are forward looking statements which may include, but are not limited to, statements with respect to the future financial or operating performance of NeuPath and its projects, the market conditions, business strategy, corporate plans, objectives and goals, and the timing and possible outcome of regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of NeuPath to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, but are not limited to, the factors discussed in the section entitled "Risk Factors" in this MD&A and in the section entitled "Risk Factors" in the Company's Annual Information Form for the year ended December 31, 2024 dated March 26, 2025 ("AIF"). Although NeuPath has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this MD&A and, other than as required by law, NeuPath disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. 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. Accordingly, readers should not place undue reliance on forward-looking statements.

This MD&A also includes market data and forecasts with respect to the chronic pain, sports medicine, concussion, and workplace health services markets. Although the Company is responsible for all of the disclosure contained in this MD&A, in some cases, the Company relies on and refers to market data and certain industry forecasts that were obtained from third-party surveys, market research, consultant surveys, publicly available information and

industry publications and surveys that it believes to be reliable. Unless otherwise indicated, all market and industry data and other statistical information and forecasts contained in this MD&A are based on independent industry publications, reports by market research firms or other published independent sources and other externally obtained data that the Company believes to be reliable. Any such market data, information or forecast may prove to be inaccurate because of the method by which it was obtained or because it cannot always be verified with complete certainty given the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties, including those discussed in the AIF under the heading “Risk Factors”. As a result, although the Company believes that these sources are reliable, it has not independently verified the information.

## Non-IFRS Financial Measures

This MD&A makes reference to certain financial measures, including non-IFRS financial measures that are historical and non-GAAP or non-GAAP ratios. Management uses these financial measures for purposes of comparison to prior periods and development of future projections and earnings growth prospects. This information is also used by management to measure the profitability of ongoing operations and in analyzing business performance and trends. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and, are therefore, unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company’s results of operations from management’s perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of financial information reported under IFRS. The Company uses the following non-GAAP financial measures: EBITDA, Adjusted EBITDA, gross margin and income or loss from operations, and the following non-GAAP ratio: gross margin %, to provide supplemental measures of operating performance and thus highlight trends in the core business that may not otherwise be apparent when relying solely on IFRS financial measures. Management also uses non-IFRS financial measures in order to prepare annual operating budgets and to determine management compensation. Below is an explanation of the composition of each such measure, as applicable, including a quantitative reconciliation of EBITDA and Adjusted EBITDA to its most directly comparable financial measure disclosed in our financial statements to which the measure relates. See *Selected Financial Information and Results of Operations* for a quantitative reconciliation of gross margin and income or loss from operations to its most directly comparable financial measure disclosed in the Condensed Consolidated Interim Financial Statements for the three months ended March 31, 2025 to which the measure relates.

### **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, executive long-term performance and retention bonus, restructuring costs, gain on derecognition of other obligations, fair value adjustments, transaction costs, impairment charges, gain on sale of building, government loans forgiveness, finance income and loss or gain on sale of property, plant and equipment. 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, 2025	Three months ended March 31, 2024
	\$	\$
<b>Net and comprehensive loss</b>	<b>(327)</b>	<b>(344)</b>
<b>Add back:</b>		
Depreciation and amortization	597	581
Interest cost	296	239
Income tax expense	133	57
<b>EBITDA</b>	<b>699</b>	<b>533</b>
<b>Add back:</b>		
Stock-based compensation	43	34
Transaction costs	353	284
Executive long-term performance and retention bonus	175	-
<b>Adjusted EBITDA</b>	<b>1,270</b>	<b>851</b>
<b>Attributed to:</b>		
Shareholders of NeuPath Health Inc.	1,133	797
Non-controlling interest	137	54
	<b>1,270</b>	<b>851</b>

### 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 ("COMS"). Gross margin % is calculated as gross margin divided by total revenue.

### Income (loss) From Operations

Management believes income (loss) from operations is an important supplemental non-GAAP measure for evaluating operating performance and to allow for operating performance comparability from period-to-period. Income (loss) from operations is calculated as total revenue, minus COMS, general and administrative ("G&A") expenses, occupancy costs, depreciation and amortization and restructuring costs.

## Overview

NeuPath's mission is to improve access to care and outcomes for patients by leveraging best-in-class treatments and delivering patient-centred multidisciplinary care, enabling each individual to live their best life.

The Company's vision is to build the leading national network of clinics, recognized for their best-in-class quality of care, empathy-driven efficient service and leading-edge techniques to treat patients with chronic medical conditions.

### Multidisciplinary Care

NeuPath operates a network of medical clinics in Ontario and Alberta that provide comprehensive assessments and rehabilitation services to patients with chronic pain, musculoskeletal/back injuries, sports related injuries and concussions. NeuPath's healthcare providers cover a broad range of specialties and include: Psychiatrists, Neurologists, Anesthesiologists, Orthopedic Surgeons, General Practitioners with specialized training in chronic pain, as well as Medication Management Physicians, Athletic Therapists, Psychotherapists, Dietitians, Nurses and other allied health practitioners.

NeuPath also provides workplace health services and independent medical assessments to employers and disability insurers through a national network of healthcare providers, including: Cardiologists, Dentists, Dermatologists, Endocrinologists, Psychiatrists, Gastroenterologists, General Practitioners, Internal Medicine Specialists, Neurologists, Neuropsychiatrists, Neuropsychologists, Occupational Therapists, Ophthalmologists, Orthopedic Surgeons, Psychiatrists, Physiotherapists, Psychologists, Respiriologists and Rheumatologists.

NeuPath generates revenue by providing both insured and uninsured services to patients. Insured services include treatments or procedures covered by provincial health plans and third-party health insurance plans. In most cases, the insurer is billed directly by NeuPath. Uninsured services include medical assessments, workplace health services and treatments and procedures that are not covered by provincial health plans or third-party health insurance plans and are billed directly to patients.

## Research

Through a wholly owned subsidiary, NeuPath provides contract research services to pharmaceutical companies. More importantly, these clinical research capabilities allow the Company to evaluate the efficacy of new and existing services and treatments. On April 11, 2023, the findings of a 562-patient study focused on chronic pain and the impact of NeuPath's treatments on patients' lives was published in the online journal *Cureus*<sup>(1)</sup>. The study participants, who previously reported low levels of functioning across several daily life activities, experienced significant improvements in all measured daily life activities after undergoing NeuPath's interdisciplinary treatment. The results of this study present an exciting opportunity for NeuPath to improve the quality of life for patients by applying cutting-edge and research-driven best practices.

## Markets

The Company competes in the chronic pain, sports medicine, concussion and workplace health services markets in Canada. Conditions often coexist amongst these distinct markets, for example, chronic pain is one of the known consequences of a traumatic brain injury. NeuPath believes that having the ability to treat these often-coexisting conditions and building collaborative, interdisciplinary teams of healthcare providers are distinct competitive advantages and are important foundations for improving patient care.

### *Chronic Pain*

Chronic pain impacts approximately 1 in 5 adults worldwide<sup>(2)</sup>. Despite chronic pain's prevalence and impact, it has only recently started to attract increased attention. In May 2019, the World Health Organization, for the first time, added chronic pain to its International Classification of Diseases. The International Classification of Diseases is used worldwide as a diagnostic tool to classify causes of injury or death and the addition of chronic pain will allow for better tracking of the impact and prevalence of chronic pain. In March 2019, Health Canada formed the Canadian Pain Task Force ("Task Force") to provide advice regarding evidence and best practices for the prevention and management of chronic pain. The Task Force concluded its mandate at the end of 2021 and during the three-year period presented their findings to Health Canada. Subsequently, Health Canada established a dedicated team to pursue engagement with pain stakeholders and coordinate the federal response to the Task Force recommendations<sup>(3)</sup>.

A study found that chronic pain costs between \$38-\$40 billion in Canada in 2019, of which \$15-\$17 billion represents direct healthcare costs<sup>(4)</sup>.

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<sup>(1)</sup> Jovey R D, Balon J, Mabee J, et al. (April 11, 2023) Patients Response to Interventional Care for Chronic Pain Study (PRICS): A Cross-Sectional Survey of Community-Based Pain Clinics in Ontario, Canada. *Cureus* 15(4): e37440. doi:10.7759/cureus.37440.

<sup>(2)</sup> BU School of Public Health. (2017). Chronic Pain and the Health of Populations. Retrieved from <https://www.bu.edu/sph/news/articles/2017/chronic-pain-and-the-health-of-populations/>.

<sup>(3)</sup> Government of Canada. Retrieved from: <https://www.canada.ca/en/health-canada/corporate/about-health-canada/public-engagement/external-advisory-bodies/canadian-pain-task-force.html>.

<sup>(4)</sup> The Canadian Pain Task Force. (2020). Working Together to Better Understand, Prevent, and Manage Chronic Pain: What We Heard. Cat.: H134-17/2020E-PDF. Retrieved from <https://www.canada.ca/content/dam/hc-sc/documents/corporate/about-health-canada/public-engagement/external-advisory-bodies/canadian-pain-task-force/report-2020-rapport/report-2020.pdf>.

## Workplace Health Services

Spending on employee benefit group life and health plans in Canada were estimated to be \$59.7 billion in 2023, with \$28.6 billion spent on medical benefits<sup>(5)</sup>. A significant portion of this cost is allocated to traditional benefits like medical, dental and life/AD&D. According to a recent report by the Conference Board of Canada, healthcare costs in Canada are expected to increase substantially over the next decade due to an aging population and population growth<sup>(6)</sup>. Without substantial increases in public funding, Canadians could experience a reduction in access to care and employers could see a corresponding increase in lost productivity.

A study completed by Deloitte in 2019 found that employers are increasingly aware that conditions like mental illness are costly for employers<sup>(7)</sup>. As a result, some employers are investing in workplace mental health initiatives and, more importantly, are generating a positive return on investment. Based on early experiences with workplace mental health initiatives, employers may look to implement other workplace health initiatives to address conditions like pain that impact absenteeism, presenteeism and reduce short-term and/or long-term disability.

## Significant Transactions

### National Bank Debt Financing

On March 26, 2025, the Company entered into a new credit agreement (the “Credit Agreement”) with the National Bank of Canada (“NBC”) providing an aggregate of up to \$13.5 million in loans, comprised of a (i) \$4.0 million revolving credit facility (the “Revolving Facility”), (ii) \$3.0 million non-revolving delayed draw term loan facility (the “Acquisition Line”), and (iii) \$6.5 million non-revolving term loan facility (the “Term Loan” and together with the Revolving Facility and the Acquisition Line, the “Credit Facilities”). The Company utilized proceeds from the Term Loan to repay the existing credit facilities, Debentures and related party loans. The Credit Facilities provide NeuPath with additional capital to execute on its growth plan, while also helping the Company refinance its existing debt. The Credit Agreement replaces the Company’s existing credit facilities.

### Arthrosamid® Available at NeuPath Clinics

On March 6, 2025, the Company announced it had performed the first-ever injection of Arthrosamid in North America at its Mississauga, Ontario clinic. Arthrosamid (2.5% iPAAG) is a unique non-biodegradable hydrogel injection developed by Contura International A/S, a biotechnology company based in Denmark. Unlike traditional osteoarthritis injections, Arthrosamid integrates into the synovial tissue of the knee, helping to cushion the joint and reduce pain with a single dose. It has been shown to provide up to four years of pain relief for knee osteoarthritis sufferers<sup>(8)</sup>. Arthrosamid is currently available at select NeuPath clinics and will be rolled out at additional clinics across Canada in 2025.

### Canada Revenue Agency Resolution

On February 21, 2025, the Company received updated Notices of Reassessment from the Canadian Revenue Agency (“CRA”) in response to a Notice of Objection the Company filed with the CRA in August 2023. The matter pertained to the CRA HST audit decision with claims amounting to approximately \$0.2 million for the 2015 and 2016 filing periods. In December 2024, the Company received a positive response from the CRA confirming the objection was allowed. During March 2025, the Company received a total refund amount of approximately \$0.2 million, including interest.

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<sup>(5)</sup> Fraser Group. (2023). Group Universe Report. Retrieved from <https://frasergroup.com/wp-content/uploads/2024/07/GUR-Public-Release-Canada-2023.pdf>.

<sup>(6)</sup> The Conference Board of Canada. (2020). Health Care Cost Drivers in Canada: Pre-and Post-COVID-19. Publication: 10816. Retrieved from [https://www.canadaspremiers.ca/wp-content/uploads/2020/10/CBOC\\_impact-paper\\_research-on-healthcare\\_final.pdf](https://www.canadaspremiers.ca/wp-content/uploads/2020/10/CBOC_impact-paper_research-on-healthcare_final.pdf).

<sup>(7)</sup> Deloitte. (2019). The ROI in workplace mental health programs: Good for people, good for business. Retrieved from <https://www2.deloitte.com/content/dam/Deloitte/ca/Documents/about-deloitte/ca-en-about-blueprint-for-workplace-mental-health-final-aoda.pdf>.

<sup>(8)</sup> Bliddal, H., et al. (2024) A Prospective Study of Polyacrylamide Hydrogel Injection for Knee Osteoarthritis: Results From 4 Years After Treatment. Presented at EORS 2024, Aalborg and Orthopaedic Proceedings of the Bone & Joint Journal.

### **Normal Course Issuer Bid**

On November 27, 2024, the Company announced the approval by the TSX Venture Exchange (the “Exchange”) of its launch of a normal course issuer bid (the “NCIB”) to purchase for cancellation up to 2,820,044 common shares (representing approximately 5% of the total number of its common shares outstanding as at November 27, 2024) over a twelve-month period commencing on November 27, 2024 and ending no later than November 26, 2025 (or on such date that the Company completes its purchases or provides notice of termination). The Company had repurchased and cancelled 408,000 common shares under the NCIB at a weighted average price of \$0.20 as at March 31, 2025.

### **Acquisition of London Spine Centre**

On January 12, 2024, the Company completed the acquisition of the assets of SIBI Medical Inc., operating as the London Spine Centre in London, Ontario. The London Spine Centre had an interdisciplinary group of healthcare providers that use evidence-based care to help treat back, neck and other spinal conditions. Under the terms of the agreement, the Company acquired the assets of the London Spine Centre. The purchase price of \$0.2 million was paid from the Company’s existing cash on hand, and no additional contingent consideration was paid or payable in accordance with pre-established performance criteria for the acquired clinic. Effective October 27, 2024, the Company terminated its facility lease agreement for the clinic space, by transferring its rights and obligations under the facility lease agreement back to the landlord. The Company incurred nominal costs related to this transfer for the year ended December 31, 2024. This acquisition is in furtherance of the Company’s continued effort to expand its presence and its roster of specialists in the region.

### **Private Placement Debenture Offering**

On May 2, 2023, the Company announced the closing of its brokered private placement debenture offering of 10% subordinated and postponed unsecured non-convertible debenture units (the “Units”) of the Company for gross proceeds of \$1.5 million (the “Debenture Offering”).

Each Unit is comprised of: (i) \$1,000 principal amount of subordinated and postponed unsecured non-convertible debentures of the Company (the “Debentures”); (ii) for no additional consideration, such number of common shares in the capital of the Company (each whole common share, a “Bonus Share”, and collectively, the “Bonus Shares”) as is equal to 10% of the principal amount of the Debentures purchased divided by \$0.09, being the closing market price of the common shares of the Company on the Exchange on April 10, 2023, totalling 1,614,444 Bonus Shares; and (iii) 836,111 Private Placement Broker Warrants (“Broker Warrants”) of the Company exercisable for one common share of the Company at an exercise price equal to \$0.15 per common share until May 2, 2025.

The Debentures had a maturity date of May 2, 2025 and bore interest at a rate of 10% per annum payable quarterly in arrears in cash. The Company was entitled to redeem the Debentures at any time prior to May 2, 2025, in part or in full, subject to an early repayment premium that varied based on the redemption date.

On March 26, 2025, the Company repaid all outstanding Debentures using partial proceeds from the NBC Credit Facilities, including an early repayment penalty and all accrued and unpaid interest, to the TSX Trust Company to hold in trust until paid to Debenture holders on April 25, 2025. Upon repayment of the Debentures on the redemption date, all Debentures redeemed were cancelled.

## **Growth Strategy**

The Company’s growth strategy is focused on three key pillars:

- *Increased capacity utilization* - The Company’s focus is to generate revenue growth by improving capacity utilization at its existing medical clinics. To achieve this objective, the Company intends to continue adding complementary services and healthcare provider hours, with a focus on improving patient throughput. For the three months ended March 31, 2025 capacity utilization was 75% compared to 72% for the three months ended March 31, 2024.
- *Expanding the network* - The Company intends to build out a pan-Canadian network through acquisitions and new clinic startups. The market for medical clinics is highly fragmented in Canada and the Company acquired HealthPointe in Edmonton in February 2021 as the first step in its expansion into Western Canada. In September 2021, the Company entered into a partnership with Central Alberta Orthopedics Inc. (“CAO”)

and together opened an interdisciplinary pain institute in Red Deer, Alberta in July 2022. In January 2024, the Company acquired the assets of SIBI Medical Inc., operating as the London Spine Centre in London, Ontario in furtherance of its continued effort to expand its presence and its roster of specialists in the region.

- *Expanding into adjacent markets* - Orthopedics and other specialties have patients with high overlap to the Company's core chronic pain business, and the Company is actively evaluating new opportunities in these areas. The Company's facilities may also be utilized, with modest investment, to provide other services such as out-of-hospital surgery.

While executing on the growth strategy, NeuPath is focused on improved operating margins and has made changes to its corporate functions and its clinic footprint and will continue to evaluate opportunities for improving margins across the network.

## Selected Financial Information

	Three months ended March 31, 2025	Three months ended March 31, 2024
	\$	\$
<b>Operations</b>		
Clinic revenue	18,046	16,168
Non-clinic revenue	1,289	1,318
<b>Total revenue</b>	<b>19,335</b>	<b>17,486</b>
Cost of medical services	15,695	14,253
<b>Gross margin<sup>(1)</sup></b>	<b>3,640</b>	<b>3,233</b>
General and administrative	2,156	1,947
Occupancy costs	432	469
Depreciation and amortization	597	581
<b>Income from operations<sup>(1)</sup></b>	<b>455</b>	<b>236</b>
Interest cost	296	239
Transaction costs	353	284
<b>Net loss before income taxes</b>	<b>(194)</b>	<b>(287)</b>
Income tax expense	133	57
<b>Net and comprehensive loss</b>	<b>(327)</b>	<b>(344)</b>
<b>Attributed to:</b>		
Shareholders of NeuPath Health Inc.	(413)	(378)
Non-controlling interest	86	34
	(327)	(344)
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>1,270</b>	<b>851</b>
<b>Net loss per common share</b>		
- basic	(0.01)	(0.01)
- diluted	(0.01)	(0.01)
<b>Weighted average number of common shares outstanding (in thousands)</b>		
- basic	56,218	56,293
- diluted	57,182	56,534
	<b>As at March 31, 2025</b>	<b>As at December 31, 2024</b>
<b>Financial Position</b>	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	4,429	2,923
Total assets	42,636	41,302
Total liabilities	21,538	19,870
Total equity	21,098	21,432

<sup>(1)</sup> Gross margin, income from operations and Adjusted EBITDA are non-IFRS measures. Please refer to *Non-IFRS Financial Measures* above.



## Results of Operations

	Three months ended March 31, 2025	Three months ended March 31, 2024
	\$	\$
Clinic revenue	18,046	16,168
Non-clinic revenue	1,289	1,318
<b>Total revenue</b>	<b>19,335</b>	<b>17,486</b>
Cost of medical services	15,695	14,253
<b>Gross margin<sup>(1)</sup></b>	<b>3,640</b>	<b>3,233</b>
<b>Gross margin %<sup>(1)</sup></b>	<b>18.8%</b>	<b>18.5%</b>

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

### Total Revenue

Total revenue is comprised of clinic revenue and non-clinic revenue. Total revenue was \$19.3 million for the three months ended March 31, 2025 compared to \$17.5 million for the three months ended March 31, 2024.

#### Clinic Revenue

Clinic revenue is generated through the provision of medical services to patients. Clinic revenue was \$18.0 million for the three months ended March 31, 2025 compared to \$16.2 million for the three months ended March 31, 2024. The increase in clinic revenue for the three months ended March 31, 2025 was primarily due to stronger revenues from fluoroscopy and positive adjustments to physician reimbursement rates. Capacity utilization was 75% for the three months ended March 31, 2025 compared to 72% for the three months ended March 31, 2024. The improvement in capacity utilization was primarily driven by continued optimization of clinic space.

#### Non-clinic Revenue

Non-clinic revenue was \$1.3 million for the three months ended March 31, 2025 and 2024. 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.

### Significant Customers

Under IFRS 8, *Operating Segments* ("IFRS 8"), major customers are those that account for greater than 10% of the Company's consolidated revenues. The Company has two major customers that accounted for 87% of the Company's total revenue for the three months ended March 31, 2025 [two major customers represented 86% of the Company's total revenue for the three months ended March 31, 2024]. The Company's credit risk is low as its major customers are government organizations.

### Operating Expenses

	Three months ended March 31, 2025	Three months ended March 31, 2024
	\$	\$
Cost of medical services	15,695	14,253
General and administrative	2,156	1,947
Occupancy costs	432	469
Depreciation and amortization	597	581
<b>Total operating expenses</b>	<b>18,880</b>	<b>17,250</b>

Total operating expenses were \$18.9 million for the three months ended March 31, 2025 compared to \$17.3 million for the three months ended March 31, 2024.

### *Cost of Medical Services*

COMS was \$15.7 million for the three months ended March 31, 2025 compared to \$14.3 million for the three months ended March 31, 2024. The increase in COMS was primarily attributable to increased total revenue compared to the comparative quarter. The COMS as a percentage of total revenue was 81.2% for the three months ended March 31, 2025 compared to 81.5% for the three months ended March 31, 2024.

Gross margin % was 18.8% for the three months ended March 31, 2025 compared to 18.5% for the three months ended March 31, 2024. The increase in gross margin was primarily driven by higher revenues from fluoroscopy and positive adjustments to physician reimbursement rates compared to the comparative quarter (see *Non-IFRS Financial Measures - Gross Margin and Gross Margin %*).

### *General and Administrative*

G&A expenses were \$2.2 million for the three months ended March 31, 2025 compared to \$1.9 million for the three months ended March 31, 2024. The increase in G&A expenses was due to higher salaries and benefits, professional and consulting fees and marketing expenses, partially offset by lower IT and communication expenses, staff training and membership costs, and office expenses. The increase in salaries and benefits includes \$0.2 million accrued towards achievement of a one-time executive long-term performance and retention bonus, which was approved by the Board in 2023 and is payable upon the achievement of certain performance metrics in 2025.

### *Occupancy Costs*

Occupancy costs were \$0.4 million for the three months ended March 31, 2025 compared to \$0.5 million for the three months ended March 31, 2024. Occupancy costs represent the costs related to leased facilities. The decrease in occupancy costs is primarily driven by rent-free periods for new leases for existing clinics, along with the termination of leased space associated with the London Spine Centre in October 2024. As at March 31, 2025, the Company leased 12 facilities.

### *Depreciation and Amortization*

Depreciation and amortization expenses were \$0.6 million for the three months ended March 31, 2025 and 2024. Depreciation and amortization expenses relate to amortization of intangible assets, depreciation of right-of-use assets and amortization of property, plant & equipment, and remained consistent compared to the prior year period.

### **Income from Operations**

Income from operations was \$0.5 million for the three months ended March 31, 2025 compared to \$0.2 million for the three months ended March 31, 2024. The increase in income from operations in the current period was primarily due to an increase in revenue and gross margin, partially offset by higher G&A expenses.

### **Other Expenses**

	Three months ended March 31, 2025	Three months ended March 31, 2024
	\$	\$
Interest cost	296	239
Transaction costs	353	284
<b>Total other expenses</b>	<b>649</b>	<b>523</b>

### *Interest Cost*

Interest costs were \$0.3 million for the three months ended March 31, 2025 compared to \$0.2 million for the three months ended March 31, 2024. Interest costs relate to the outstanding debt and interest charges due to accretion of interest on loans and leases.

### *Transaction Costs*

Transaction costs were \$0.4 million for the three months ended March 31, 2025 compared to \$0.3 million for the three months ended March 31, 2024. Transaction costs relate to one-time transaction costs and potential acquisitions that the Company is evaluating. Transaction costs in the current quarter relate to closing of the NBC Debt Financing on March 26, 2025.

## Net and Comprehensive Loss

	Three months ended March 31, 2025	Three months ended March 31, 2024
	\$	\$
Net loss before income taxes	(194)	(287)
Income tax expense	133	57
<b>Net and comprehensive loss</b>	<b>(327)</b>	<b>(344)</b>

### Income Tax Expense

Income tax expense was \$0.1 million for the three months ended March 31, 2025 compared to \$57 for the three months ended March 31, 2024. The Company's income tax expense relates to current income taxes generated from its joint-venture partnership and one of its wholly owned subsidiaries. The Company has available tax losses within its consolidated operations and is assessing its tax structure.

### Net and Comprehensive Loss

Net and comprehensive loss was \$0.3 million for the three months ended March 31, 2025 and 2024. Net and comprehensive loss remained consistent primarily resulting from improved revenue and gross margin, offset by higher G&A expenses, increased interest cost and transaction costs along with higher income tax expense compared to the comparative quarter.

### Segments

IFRS 8 requires operating segments to be determined based on internal reports that are regularly reviewed by the chief operating decision makers for the purpose of allocating resources to the segment and assessing its performance. The Company has one operating segment: medical services.

## Liquidity and Capital Resources

	Three months ended March 31, 2025	Three months ended March 31, 2024
	\$	\$
Net and comprehensive loss	(327)	(344)
Items not involving current cash flows	875	805
Cash provided by operations	548	461
Net change in non-cash working capital	834	(373)
Cash provided by operating activities	1,382	88
Cash used in investing activities	(31)	(222)
Cash provided by (used in) financing activities	155	(493)
Net change in cash and cash equivalents during the period	1,506	(627)
Cash and cash equivalents, beginning of period	2,923	3,177
<b>Cash and cash equivalents, end of period</b>	<b>4,429</b>	<b>2,550</b>

### Cash and Cash Equivalents

As at March 31, 2025, cash and cash equivalents were \$4.4 million compared to \$2.9 million as at December 31, 2024.

### Operating Activities

Cash provided by operating activities was \$1.4 million for the three months ended March 31, 2025 compared to \$0.1 million for the three months ended March 31, 2024. For the current quarter, the \$1.3 million increase in cash provided by operating activities was primarily due to improvements in revenue, along with a \$1.2 million improvement in recovery of non-cash working capital compared to the comparative three-month period.

## Investing Activities

Cash used in investing activities was \$31 for the three months ended March 31, 2025 compared to \$0.2 million for the three months ended March 31, 2024. Cash used in investing activities for the current quarter primarily related to the acquisition of computer software and equipment for medical clinics. Cash used in investing activities for the comparative quarter related to the acquisition of the London Spine Centre and equipment for medical clinics.

## Financing Activities

Cash provided by financing activities was \$0.2 million for the three months ended March 31, 2025 compared to cash used in financing activities of \$0.5 million for the three months ended March 31, 2024. The increase in cash provided by financing activities was primarily driven by the Company closing a new credit agreement with NBC, whereby the Company received funds from the Term Loan facility in the amount of \$6.5 million, partially offset by the repayment of long-term debt from the Company's existing credit facilities of \$0.8 million, Debentures of \$1.5 million and related party loans amounting to \$3.7 million.

## Working Capital

The Company defines working capital as current assets, less accounts payable and accrued liabilities, provisions and current income tax liabilities. The Company anticipates that its current working capital and the revenue it expects to generate from its continuing operations will be sufficient to satisfy its current debt obligations and working capital requirements for the next 12 months. The Company's ability to satisfy its non-current debt obligations will depend principally upon its future operating performance.

## Capital Structure

The Company's strategy includes organic growth through improved capacity utilization, opening new clinics and growth through strategic acquisitions. To execute this strategy, the Company may need to access additional resources under existing loan arrangements or seek alternate sources of financing, including equity issuances.

The Company expects to continue to be able to meet all obligations as they become due using some or all of the following sources of liquidity: cash flow generated from operations, existing cash and cash equivalents on hand, and additional borrowing capacity under the revolving demand facilities. In addition, subject to market conditions, the Company may raise additional funding through equity financing. The Company believes that its capital structure will provide financial flexibility to pursue future growth strategies. However, the Company's ability to fund operating expenses and debt service requirements will depend on, among other things, future operating performance, which will be affected by general economic, industry, financial and other factors beyond the Company's control (see *Risk Factors* below).

## Selected Quarterly Information

The following is selected quarterly financial information for the Company over the last eight quarterly reporting periods:

	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
	\$	\$	\$	\$	\$	\$	\$	\$
Clinic revenue	18,046	17,526	16,335	17,266	16,168	15,273	14,856	15,977
Non-clinic revenue	1,289	1,362	1,217	1,614	1,318	1,535	1,229	1,171
Total revenue	19,335	18,888	17,552	18,880	17,486	16,808	16,085	17,148
Total operating expenses	18,880	18,746	17,406	18,142	17,250	16,789	16,079	16,771
Net and comprehensive income (loss) <sup>(1)</sup>	(327)	(180)	(323)	362	(344)	(368)	356	46
Adjusted EBITDA <sup>(2)</sup>	1,270	898	738	1,321	851	761	680	1,032
Net income (loss) per common share								
- basic	(0.01)	-	(0.01)	0.01	(0.01)	(0.01)	0.01	-
- diluted	(0.01)	-	(0.01)	0.01	(0.01)	(0.01)	0.01	-

<sup>(1)</sup> Net and comprehensive income (loss) includes non-controlling interests.

<sup>(2)</sup> Adjusted EBITDA is a non-IFRS measure. Please refer to *Non-IFRS Financial Measures* above.

## Financial Instruments

### Classification of Financial Instruments

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. The classification of the financial instruments, as well as their carrying values, are shown in the table below:

	March 31, 2025	December 31, 2024
	\$	\$
<b>Financial assets at amortized cost</b>		
Cash and cash equivalents	4,429	2,923
Accounts receivable	7,842	7,668
Other assets	1,089	1,053
<b>Total financial assets</b>	<b>13,360</b>	<b>11,644</b>
<b>Financial liabilities at amortized cost</b>		
Accounts payable and accrued liabilities	9,466	8,446
Due to related parties	-	3,674
Long-term debt	6,500	2,083
Lease obligations	5,444	5,592
<b>Total financial liabilities</b>	<b>21,410</b>	<b>19,795</b>

The Company's financial instruments are measured at amortized cost and their fair values approximate carrying values.

### Financial Instruments

IFRS 13, *Fair Value Measurement* requires disclosure of a three-level hierarchy that reflects the significance of the inputs used in making fair value measurements. All assets and liabilities for which fair value is measured or disclosed in these Condensed Consolidated Interim Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.
- Level 2 – Observable inputs other than quoted prices in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Significant unobservable inputs that are supported by little or no market activity.

The Company reviews the fair value hierarchy classification on a quarterly basis. Changes to the ability to observe valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy. The Company did not have any transfer of assets or liabilities between Level 1, Level 2 and Level 3 of the fair value hierarchy during the three months ended March 31, 2025 and 2024.

## FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The Board of Directors mitigates these risks by assessing, monitoring and approving the Company's risk management process. This is not an exhaustive list of all risks nor will the mitigation strategies eliminate all risks listed.

### Credit Risk

The Company, in the normal course of business, is exposed to credit risk from its customers. Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk on its cash and cash equivalents, accounts receivable and other assets. The Company's objective with respect to credit risk in its operating activities is to reduce its exposure to losses. As the Company does not utilize credit derivatives or similar instruments, the maximum exposure to credit risk is the full amount of the carrying value of its cash and cash equivalents and accounts receivable.

The Company's accounts receivable relate to revenue earned from its customers. Credit risk is low as the Company's major customers are government organizations. Non-government customers include private health plans and employers, and do not significantly impact the Company's credit risk.

The Company's cash and cash equivalents are held with multiple financial institutions in various bank accounts. These financial institutions include three major banks in Canada, which the Company believes lessens the degree of credit risk. Cash and cash equivalents include cash on hand and current balances with banks and similar institutions, including money market mutual funds, which are readily convertible into known amounts of cash and have an insignificant risk of changes in value.

## Risk Factors

The following is a discussion of liquidity risk and interest rate risk and related mitigation strategies that have been identified. This is not an exhaustive list of all risks nor will the mitigation strategies eliminate all risks listed.

### *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial liability obligations as they become due. The Company's objective is to provide for expected cash requirements and accommodate for changes in liquidity needs. The Company manages this risk by managing its capital structure through continuous monitoring of its actual and projected cash flows.

As at March 31, 2025, the Company's financial liabilities had contractual maturities as summarized below:

	<b>Total</b> \$	<b>Current</b>	<b>Non-current</b>		
		<b>Within 12 Months</b> \$	<b>1 to 2 Years</b> \$	<b>3 to 5 Years</b> \$	<b>&gt; 5 Years</b> \$
Accounts payable and accrued liabilities	<b>9,466</b>	9,466	-	-	-
Long-term debt	<b>6,500</b>	650	1,300	1,300	3,250
Lease obligations	<b>5,444</b>	975	1,412	1,101	1,956
	<b>21,410</b>	<b>11,091</b>	<b>2,712</b>	<b>2,401</b>	<b>5,206</b>

### *Interest rate risk*

Financial instruments that potentially subject the Company to cash flow interest rate risk are those assets and liabilities with a variable interest rate. Two of the Company's loan facilities, included in long-term debt, have a variable interest rate. Accordingly, with respect to the carrying and fair values of interest-bearing liabilities, an assumed 25-basis point increase or decrease in interest rates would not have a significant impact on net and comprehensive income (loss).

Financial assets and financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. The Company's lease obligations and certain long-term debt are at fixed rates of interest. Those financial assets and financial liabilities that are non-interest bearing are carried at amortized cost and calculated using discount rates appropriate to the related debt.

The Company's policy is to minimize interest rate cash flow risk exposures on its long-term financing.

## Litigation

The Company is engaged in various legal proceedings that have arisen in the normal course of business. The Company believes it has prepared valid defences and that its defences against these claims will be successful. The Company believes that any current ongoing claims are without merit and frivolous in nature and has determined that a loss is not more likely than not to occur. Accordingly, no amounts have been provisioned for such claims in the Condensed Consolidated Interim Financial Statements. Management intends to defend the matters vigorously. The Company believes that no material exposure exists on the eventual settlement of such litigation.

## Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

## Related Party Transactions

The Company's related parties include certain investors and shareholders, subsidiaries and key management personnel.

### Loans from Related Parties

The following related party balances were outstanding as at:

	March 31, 2025	December 31, 2024
	\$	\$
Due to Bloom Burton & Co. Inc.	-	3,631
Due to Bloom Burton Development Corp.	-	43
	-	3,674

The amount due to Bloom Burton & Co. Inc. ("BBCI"), a shareholder of the Company, is non-interest bearing, unsecured and due on demand. The amount due to Bloom Burton Development Corp. ("BBDC"), a shareholder of the Company, is non-interest bearing, unsecured and due on demand. On March 26, 2025, the Company utilized partial proceeds from the NBC Credit Facilities to repay the outstanding loans from BBCI and BBDC in full, amounting to \$3.7 million.

Bloom Burton Securities Inc. acted as a broker for the Debenture Offering (see Note 5, *Long-term Debt*). The fees paid to Bloom Burton Securities Inc. ("BBSI") for the Debenture Offering were nominal. BBSI also received 76,390 Broker Warrants issued in connection with the Debenture Offering, with a fair value of \$5 (see Note 8, *Warrants*).

Joseph Walewicz, Chief Executive Officer and a Director of the Company and Daniel Chicoine, the Chair of the Board of Directors of the Company, participated in the Debenture Offering. Their participation accounted for 11% of the gross proceeds from the Debenture Offering and they received a proportionate share of the Bonus Shares issued based on their participation rate. On March 26, 2025, the Company provided notice to holders of its Debenture units of its intention to redeem all outstanding Debentures, and the Company utilized partial proceeds from the NBC Credit Facilities to repay the outstanding amounts (see Note 5, *Long-term Debt*).

## Outstanding Share Data

As at March 31, 2025, the Company had (i) 56,054,491 common shares, (ii) 5,270,138 common share purchase warrants (with strike prices ranging from \$0.15 to \$0.25 per common share), (iii) 516,250 RSUs, and (iv) 4,779,171 stock options (with strike prices ranging from \$0.14 to \$1.00 per common share, of which 2,213,293 have vested), issued and outstanding.

The fully diluted number of common shares outstanding at March 31, 2025 was 66,620,050.

## Critical Accounting Policies and Estimates

The preparation of the Consolidated Financial Statements in conformity with IFRS requires management to make estimates and assumptions at the date of the Consolidated Financial Statements that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses during the reporting periods. Management has identified accounting estimates that it believes are most critical to understanding the Consolidated Financial Statements and those that require the application of management's most subjective judgments, often requiring estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. The Company's actual results could differ from these estimates and such differences could be material. All material accounting policies are disclosed in Note 3, *Adoption of New*

## **Risk Factors**

The Company is exposed to a variety of known and unknown risks in the pursuit of its strategic objectives. The impact of any risk may adversely affect, among other things, the Company's business, reputation, financial condition, results of operations and cash flows, which may affect the market price of its securities. The Company attempts to mitigate its strategic risks to an acceptable level through a variety of policies, systems and processes.

An investment in the common shares is speculative and involves a high degree of risk due to the nature of the Company's business. It is recommended that investors consult with their own professional advisors before investing in the common shares.

An investor should carefully consider the information contained in this MD&A, in addition to the risk factors discussed in the Company's AIF under the heading "Risk Factors", which section is hereby incorporated herein by reference. The AIF is available under the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). The disclosures in this MD&A are subject to the risk factors outlined in the AIF. Additional risks and uncertainties not presently known to the Company or that the Company believes to be immaterial may also adversely affect the Company's business. If any one or more of the risks occur as outlined in the AIF, the Company's business, financial condition and results of operations could be seriously harmed. Further, if the Company fails to meet the expectations of the public market in any given period, the market price of the Company's common shares could decline. Before making an investment decision, each prospective investor should carefully consider the risk factors included in the AIF and other public documents.

### **Tariff Environment**

The Company has assessed the current tariff environment between the United States and Canada and does not anticipate a material impact on its business operations or financial performance. The Company will continue to monitor trade developments and will adapt the Company's strategies as necessary to mitigate any potential risks.