

NeuPath Health Acquires HealthPointe Medical Centres, a Leading Interdisciplinary Clinic in Alberta

- **Leading pain, spine, and sport medicine clinic in Edmonton, Alberta**
- **Provider of interdisciplinary care in chronic pain management, spinal injuries, sport medicine, and concussions**
- **Generated revenue of approximately \$9 million with positive EBITDA in 2020**
- **Transaction will be immediately accretive and will improve NeuPath's Annual Revenue Run Rate⁽¹⁾ to approximately \$57 million**
- **Acquisition is an important first step in NeuPath's national expansion strategy**

TORONTO--(BUSINESS WIRE)--February 8, 2021--NeuPath Health Inc. (TSXV:NPTH) ("NeuPath" or the "Company"), Canada's largest provider of chronic pain management services, is pleased to announce the acquisition of HealthPointe Medical Centres Ltd. ("HealthPointe"), a leading pain, spine, and sport medicine clinic located in Edmonton, Alberta.

HealthPointe operates a 20,000 square foot facility in Edmonton, offering physician-based care services for a wide range of injuries and issues including chronic pain management, spinal injuries, sport medicine, and concussions. Patients receive interdisciplinary care from HealthPointe's roster of Psychiatrists, Neurologists, Medication Management Physicians, Athletic Therapists, and Nurses. In addition to the medical clinic, HealthPointe also holds a minority equity interest in two physiotherapy and sport medicine clinics in Alberta.

"We are excited to welcome HealthPointe's talented physicians, management, and staff to the NeuPath family," stated NeuPath CEO, Grant Connelly. "We have been upfront about our ambitions to build out a national network of clinics, offering multidisciplinary care to patients across Canada. HealthPointe's interdisciplinary approach and scale make it the perfect platform to build out our presence in Western Canada."

"Partnering with NeuPath was a natural next step for HealthPointe," said Dr. Dhiren Naidu, co-founder of HealthPointe. "We are philosophically aligned with NeuPath's vision for nationwide multidisciplinary care and we look forward to working with NeuPath to better improve both patient services and outcomes. We are confident this partnership will provide greater access to care for patients in the Edmonton region and Western Canada."

Under the terms of the Share Purchase Agreement, in consideration for the purchase of 100% of the issued and outstanding shares of HealthPointe, NeuPath has agreed to pay total cash consideration of up to \$4.7 million, payable as follows: (i) \$3.2 million upfront cash payment (subject to a working capital adjustment) and (iii) additional cash consideration of up to \$1.5 million, based on the achievement of certain financial results over a two-year measurement period. The transaction includes the assumption of approximately \$2.0 million of term debt of HealthPointe. For the 12-month period ended December 31, 2020, HealthPointe generated revenue of approximately \$9 million with an Adjusted EBITDA⁽¹⁾ margin of approximately 6%.

Baker McKenzie acted as legal advisor to the Company and Bennett Jones LLP acted as legal advisor to HealthPointe.

Non-IFRS Financial Measures

This news release contains financial terms (such as Adjusted EBITDA) that are not considered in International Financial Reporting Standards (“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.

(1) Adjusted EBITDA & Annual Revenue Run Rate

Management believes EBITDA (earnings before interest, taxes, depreciation and amortization) is a common measure used to assess profitability before the impact of different financing methods, income taxes, depreciation and impairment of capital assets and amortization of intangible assets.

The Company defines Adjusted EBITDA as earnings before depreciation and amortization, net interest expense (income) and income tax expense (recovery), stock-based compensation expense, transaction costs related to the qualifying transaction in June 2020, restructuring, fair value adjustments, impairment and finance income.

Annual Revenue Run Rate figures are calculated based on annualizing the Company's third quarter reported revenue number of \$12.0 million.

About NeuPath

NeuPath is Canada's largest provider of chronic pain management services that operates under two leading brands in Ontario: CPM - Centres for Pain Management and InMedic Creative Medicine. NeuPath has 12 locations across Ontario with more than 100 licensed healthcare providers that provide care to over 11,000 patients annually. NeuPath offers a comprehensive chronic pain assessment and multi-modal treatment plan based on recommendations by a group of trained physicians to help patients manage their chronic pain and optimize their quality of life. In addition to chronic pain management clinics, NeuPath offers workplace health services as the single, largest cost of chronic pain is lost productivity due to sick days, short and long-term disability claims, and job loss.

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 are forward-looking statements, including without limitation, the Company's belief that it will be able to provide greater access to care for patients in Western Canada. 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. A comprehensive discussion of these and other risks and uncertainties can be found in the Company's filing statement dated May 29, 2020 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.

NEITHER TSX VENTURE EXCHANGE NOR ITS REGULATION SERVICES PROVIDER (AS THAT TERM IS DEFINED IN THE POLICIES OF THE TSX VENTURE EXCHANGE) ACCEPTS THE RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.

Contacts

Stephen Lemieux
slemieux@neupath.com