

NEUPATH HEALTH FILES FIRST QUARTER 2020 RESULTS FOR 2576560 ONTARIO INC.

TORONTO, ONTARIO, July 15, 2020 – NeuPath Health Inc. (TSXV:NPTH) (“NeuPath” or the “Company”), Canada’s largest provider of chronic pain management services, today filed the unaudited interim financial statements for 2576560 Ontario Inc. (“**257**”) for the three months ended March 31, 2020 (the “**Interim Financial Statements**”). The Company is filing the Interim Financial Statements in accordance with National Instrument 51-102 – *Continuous Disclosure Obligations* (“**NI 51-102**”), as 257 was the “reverse takeover acquirer” (as defined in NI 51-102) of the Company in a court approved plan of arrangement under Section 182 of the *Business Corporations Act* (Ontario) completed on June 25, 2020 (the “**Arrangement**”).

Prior to the completion of the Arrangement, the Company was a Capital Pool Company (as defined under the policies of the TSX Venture Exchange). The Company now carries on the business of 257. For further information on the Arrangement, please refer to the Company’s filing statement dated May 29, 2020 (the “**Filing Statement**”), which is available under the Company’s profile on SEDAR at www.sedar.com. On July 6, 2020, NeuPath commenced trading on the TSX Venture Exchange under the ticker symbol “NPTH”.

The Interim Financial Statements and the management’s discussion and analysis thereon for the three month period ended March 31, 2020 (the “**MD&A**”), have been filed under the Company’s profile on SEDAR. Readers are cautioned that the Interim Financial Statements and the MD&A makes no disclosure regarding the Company’s results for such period or the consolidation of the Company’s assets as the Arrangement closed subsequent to the end of such period. All financial amounts in this news release are in Canadian dollars, unless otherwise noted.

Q1 2020 Financial Highlights of 257

- For the three months ended March 31, 2020, revenue was \$11.6 million, an increase of 6.2% compared to \$10.9 million for the three months ended March 31, 2019.
- For the three months ended March 31, 2020, adjusted EBITDA⁽¹⁾ was \$524,000, an increase of 48% compared to \$353,000 for the three months ended March 31, 2019.
- Cash from operations increased to \$396,000 for the three months ended March 31, 2020, compared to \$148,000 for the three months ended March 31, 2019.

⁽¹⁾ Non-International Financial Reporting Standard (“**IRFS**”) financial measure defined by the Company below.

“I am pleased with our first quarter results. We were able to achieve growth in revenue, EBITDA, and cash flow from operations, despite seeing the initial impact of COVID-19 in March” said Grant Connelly, CEO of NeuPath. “We started to see the impact of the pandemic in early March, as a number of patients cancelled appointments. In order to protect our patients, staff, and physicians, we restricted patient volumes in our clinics and closed 3 clinics to patient visits at the end of March. Our ability to shift patients, physicians, and staff to other clinics in our network, combined with our success in converting 10% of our total visits to virtual visits, allowed us to continue to provide essential care to chronic pain patients in Ontario. We saw an increase in patient demand for treatments in late April that allowed us to re-open the clinics that we closed in March and we saw improved business performance in May and June.”

“The public listing will help us execute our growth strategy and further our mission to help patients live a complete and fulfilled life,” added Connelly. “Our strong performance in the first quarter provides us with a strong base to build from.”

First Quarter 2020 Financial Results of 257

Total medical service revenue was \$11.6 million for the three months ended March 31, 2020 compared to \$10.9 million for the three months ended March 31, 2019. The increase in revenue was related to an improvement in capacity utilization to 52% compared to 50% in the comparative period.

Total operating expenses increased to \$12.2 million for the three months ended March 31, 2020 compared to \$11.7 million for the three months ended March 31, 2019. The increase is related to the cost of medical services that increased to \$9.4 million or 80.8% of medical services revenue compared to \$8.8 million or 80.6% of medical services revenue in the comparative period.

Adjusted EBITDA increased to \$524,000 for the three months ended March 31, 2020 compared to \$353,000 for the three months ended March 31, 2019. The increase was related to an increase in medical services revenue and an improvement in general and administrative expenses.

Non-IFRS Financial Measures

This news release contains financial terms (such as adjusted EBITDA) 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.

Adjusted EBITDA

Management believes EBTIDA (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, restructuring, fair value adjustments, impairment and finance income.

A reconciliation of adjusted EBITDA to net income (loss) is as follows:

	Three Months ended March 31, 2020	Three Months ended March 31, 2019
	(\$ in thousands)	(\$ in thousands)
<i>Net loss and comprehensive loss</i>	(830)	(1,143)
Add back:		
Depreciation and amortization	632	636
Net interest expense	446	469
Income tax expense	100	128
EBITDA	348	90
Add back:		
Stock-based compensation	25	-
Fair value adjustments	163	277
Finance income	(12)	(14)
Adjusted EBITDA	524	353

About NeuPath

NeuPath (TSXV: NPTH) 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 staff members 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 job loss and sick days.

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 impact of the COVID-19 pandemic on the Company's operations, the Company's continuity plans, measures implemented in response to the COVID-19 pandemic and its expected impact on the Company's ability to execute on its growth strategy) 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. A comprehensive discussion of these and other risks and uncertainties can be found in the Filing Statement 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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