NeuPath Health Inc.

Condensed Consolidated Interim Financial Statements
March 31, 2021 and 2020
(unaudited)

NEUPATH HEALTH INC.
CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

		As at March 31, 2021	As at December 31, 2020
(Canadian dollars in thousands)	***Notes***	**$**	$
ASSETS			
CURRENT			
Cash and cash equivalents		**7,484**	10,850
Accounts receivable	*4*	**8,930**	7,672
Other assets		**812**	634
Current income tax recoverable		**97**	172
TOTAL CURRENT ASSETS		**17,323**	19,328
NON-CURRENT			
Property, plant and equipment	*4*	**4,829**	2,889
Right-of-use assets	*4*	**7,386**	3,744
Other assets	*4*	**813**	305
Intangible assets	*4*	**1,918**	884
Goodwill	*4*	**20,718**	18,970
TOTAL ASSETS		**52,987**	46,120
LIABILITIES AND EQUITY			
CURRENT			
Accounts payable and accrued liabilities	*4*	**7,520**	5,612
Provisions		**75**	150
Current portion of long-term debt	*4, 6*	**4,686**	3,091
Current portion of lease obligations	*4, 5*	**1,354**	1,127
TOTAL CURRENT LIABILITIES		**13,635**	9,980
NON-CURRENT			
Long-term debt	*4, 6*	**1,310**	1,238
Lease obligations	*4, 5*	**6,971**	3,545
Deferred income tax liabilities	*4*	**398**	59
Due to related parties	*13*	**3,674**	3,674
TOTAL LIABILITIES		**25,988**	18,496
EQUITY			
Share capital	*7*	**35,856**	32,825
Warrants	*9*	**9,347**	12,910
Contributed surplus	*8*	**1,039**	430
Deficit		**(19,243)**	(18,541)
TOTAL EQUITY		**26,999**	27,624
TOTAL LIABILITIES AND EQUITY		**52,987**	46,120

Note 11, *Commitments*

The accompanying Notes are an integral part of these Condensed Consolidated Interim Financial Statements.

NEUPATH HEALTH INC.
CONSOLIDATED INTERIM STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS (UNAUDITED)

(Canadian dollars in thousands, except per share figures)	***Notes***	**Three months ended March 31, 2021** **$**	Three months ended March 31, 2020 $
REVENUE			
Medical services	*4, 14*	**14,193**	11,602
Total revenue		**14,193**	11,602
OPERATING EXPENSES			
Cost of medical services	*4*	**11,215**	9,371
General and administrative expenses		**1,904**	1,395
Occupancy costs		**313**	346
Depreciation and amortization		**711**	623
Interest cost	*5, 6*	**214**	446
Total operating expenses		**14,357**	12,181
OTHER EXPENSES (INCOME)			
Fair value adjustments		**-**	163
Finance income		**(9)**	(12)
Transaction costs	*4*	**423**	-
Net loss before income taxes		**(578)**	(730)
INCOME TAXES			
Current tax expense		**124**	100
Total income taxes		**124**	100
NET LOSS AND COMPREHENSIVE LOSS		**(702)**	(830)
Net loss per common share			
- basic and diluted		**(0.02)**	(0.05)
Weighted average number of common shares outstanding (in thousands)			
- basic and diluted		**43,133**	16,557

The accompanying Notes are an integral part of these Condensed Consolidated Interim Financial Statements.

NEUPATH HEALTH INC.
CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

		Share Capital		Warrants	Contributed Surplus	Deficit	Total
(Canadian dollars in thousands, except number of shares)	***Notes***	**000s**	**$**	**$**	**$**	**$**	**$**
Balance, December 31, 2019		16,557	11,527	11,653	74	(13,483)	9,771
Stock option compensation expense	*8*	-	-	-	25	-	25
Net and comprehensive loss		-	-	-	-	(830)	(830)
Balance, March 31, 2020		16,557	11,527	11,653	99	(14,313)	8,966
Stock option compensation expense		-	-	-	196	-	196
Reverse takeover of Klinik Health Ventures Corp.		3,870	3,870	74	119	-	4,063
Conversion of long-term debt		6,724	6,724	-	-	-	6,724
Conversion of preferred shares		1,352	1,352	-	-	-	1,352
Expiry of warrants		-	-	(16)	16	-	-
Issuance of warrants		-	-	1,199	-	-	1,199
Issuance of common shares and warrants, net of issue costs		13,340	9,352	-	-	-	9,352
Net loss and comprehensive loss		-	-	-	-	(4,228)	(4,228)
Balance, December 31, 2020		41,843	32,825	12,910	430	(18,541)	27,624
Stock option compensation expense	*8*	-	-	-	77	-	77
Conversion of warrants	*9*	3,225	3,031	(3,031)	-	-	-
Expiry of warrants	*9*	-	-	(532)	532	-	-
Net and comprehensive loss		-	-	-	-	(702)	(702)
Balance, March 31, 2021		**45,068**	**35,856**	**9,347**	**1,039**	**(19,243)**	**26,999**

The accompanying Notes are an integral part of these Condensed Consolidated Interim Financial Statements.

NEUPATH HEALTH INC.
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)

		Three months ended March 31, 2021	Three months ended March 31, 2020
(Canadian dollars in thousands)	***Notes***	**$**	$
OPERATING ACTIVITIES			
Net loss and comprehensive loss		**(702)**	(830)
Items not involving current cash flows:			
Depreciation and amortization		**725**	632
Accretion of lease obligations	*5*	**163**	146
Accretion of long-term debt and preferred shares liability		**-**	215
Accretion of promissory note		**-**	15
Accretion of other assets		**(7)**	30
Gain on modification of long-term debt and preferred shares		**-**	(204)
Fair value adjustment of derivative financial liabilities		**-**	306
Fair value adjustment of conversion feature on preferred shares		**-**	61
Equity-settled stock-based compensation expense	*8*	**77**	25
		256	396
Net change in non-cash working capital	*10*	**(10)**	481
CASH PROVIDED BY OPERATING ACTIVITIES		**246**	877
INVESTING ACTIVITIES			
Acquisition of intangible assets, net		**(77)**	-
Acquisition of HealthPointe, net of cash acquired	*4*	**(2,752)**	-
Acquisition of property, plant and equipment, net of disposals		**(15)**	(19)
CASH USED IN INVESTING ACTIVITIES		**(2,844)**	(19)
FINANCING ACTIVITIES			
Repayment of long-term debt		**(377)**	(307)
Advances of long-term debt		**40**	-
Advances from related parties		**-**	55
Receipts from finance lease receivable		**39**	-
Repayment of promissory note		**-**	(622)
Repayment of lease obligations	*5*	**(470)**	(390)
CASH USED IN FINANCING ACTIVITIES		**(768)**	(1,264)
Net change in cash and cash equivalents during the period		**(3,366)**	(406)
Cash and cash equivalents, beginning of period		**10,850**	883
CASH AND CASH EQUIVALENTS, END OF PERIOD		**7,484**	477
Supplemental cash flow information			
Interest paid[1]		**54**	109
Income taxes paid		**34**	-

1. Amounts received for interest were reflected as operating cash flows in the Consolidated Interim Statements of Cash Flows.

The accompanying Notes are an integral part of these Condensed Consolidated Interim Financial Statements.

1. NATURE OF BUSINESS

NeuPath Health Inc. ("NeuPath" or the "Company") operates an end-to-end, integrated network of health care businesses focused on transforming the hope of a better life into the reality of a life more fully lived. NeuPath endeavours to achieve this goal by working with patients to return functionality lost due to chronic pain, spinal injuries, sports related injuries and concussions. NeuPath's end-to-end solution is built on a base of research, with technology layered in, with a goal of better outcomes from assessments and treatments.

The Company operates an interdisciplinary network of medical clinics in Ontario and Alberta, in addition to an independent medical assessment business with a national network of health care providers. The Company's medical clinics provide comprehensive assessments and rehabilitation services to clients with chronic pain, musculoskeletal/back injuries, sports related injuries and concussions. The Company's health care providers cover a broad range of specialties and include: Physiatrists, Neurologists, Anesthesiologists, General Practitioners with specialized training in chronic pain, as well as Medication Management Physicians, Athletic Therapists and Nurses.

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

On February 7, 2021, NeuPath acquired HealthPointe Medical Centres Ltd. ("HealthPointe"), a pain, spine and sport medicine clinic located in Edmonton, Alberta. See Note 4, *Business Combinations*, for additional information.

NeuPath has 12 locations across Ontario and 1 location in Alberta with more than 120 health care providers.

NeuPath was incorporated under the laws of the Province of Ontario on April 17, 2019. On June 25, 2020, the Company amended its articles to change its name from Klinik Health Ventures Corp. to NeuPath Health Inc. As a result of the reverse take over transaction, on June 25, 2020, the Company continued to carry on the business of 2576560 Ontario Inc. ("257") under the *Business Corporations Act* (Ontario). The Company's common shares are listed on the TSX Venture Exchange under the symbol NPTH.

The Company's registered office is located at 181 Bay Street, Suite 2100, Toronto, Ontario, Canada, M5J 2T3.

2. GOING CONCERN ASSUMPTION

These Condensed Consolidated Interim Financial Statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future.

As at March 31, 2021, the Company had an accumulated deficit of $19,243 [December 31, 2020 - $18,541], including a net loss of $702 for the three months ended March 31, 2021 [March 31, 2020 - $830].

Given the start-up nature of the business, the Company's liquidity requirements are dependent on its ability to raise additional capital by selling additional equity, from the exercise of common share warrants or by obtaining credit facilities. Unexpected increases in costs and expenses due to operational decisions made by the Company and/or factors beyond the Company's control, such as foregone revenues and increased expenses as a result of the impact of the novel coronavirus ("COVID-19"), could cause a material impact on cash resources and the profitability of the Company.

There can be no assurance that the Company will have sufficient capital to fund its ongoing operations. In addition, the Company may not be able to secure adequate debt or equity financing on desirable terms or at all. The credit ratings that the Company might obtain in connection with any debt financing may make securing debt financing prohibitive. There can be no assurance that additional financing will be available on acceptable terms or at all.

As there can be no certainty as to the outcome of the above matters, there is material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These Condensed Consolidated Interim Financial Statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

3. BASIS OF PREPARATION

Statement of Compliance

The Company prepares its Condensed Consolidated Interim Financial Statements in accordance with International Accounting Standard 34, *Interim Financial Reporting*. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these Condensed Consolidated Interim Financial Statements, were the same as those applied to the Company's annual Consolidated Financial Statements as at and for the year ended December 31, 2020, with the following exception:

Leased assets – the Company as Lessor

The Company assumed a sublease as part of a business combination during the quarter (Note 4, *Business Combinations*). As a lessor, the Company classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not. The Company's sublease is classified as an operating lease.

Accordingly, these Condensed Consolidated Interim Financial Statements do not include all disclosures required for annual financial statements and should be read in conjunction with the annual Consolidated Financial Statements of the Company for the year ended December 31, 2020.

The policies applied to these Condensed Consolidated Interim Financial Statements are based on International Financial Reporting Standards ("IFRS"), which have been applied consistently to all periods presented. These Condensed Consolidated Interim Financial Statements were issued and effective as at May 19, 2021, the date the Board of Directors approved these Condensed Consolidated Interim Financial Statements.

Use of Estimates and Judgments

The preparation of these Condensed Consolidated Interim Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of these Condensed Consolidated Interim Financial Statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates and such differences could be material.

Impact of COVID-19

The Company's critical accounting estimates are affected by the various ongoing economic and social impacts of the COVID-19 global pandemic. There continues to be significant uncertainty as to the likely effects of this outbreak, which may, among other things, impact the Company's employees, suppliers and customers. It is not possible to predict the impact COVID-19 will have on the Company, its consolidated financial position and the consolidated results of operations in the future. The Company is monitoring the future impact of the pandemic on all aspects of its business. Each quarter-end, management carries out this assessment for indications that goodwill and other long-lived assets may be impaired. As part of this assessment, management performed an analysis on its cash-generating units ("CGUs") and determined there were no adverse impacts that would lead to indicators of impairment. As required, management will continue to assess these assumptions as the evolving COVID-19 situation changes.

Basis of Measurement

These Condensed Consolidated Interim Financial Statements have been prepared under the historical cost convention, except for the revaluation of certain financial liabilities to fair value. Items included in the financial statements of each consolidated entity in the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These Condensed Consolidated Interim Financial Statements are presented in Canadian dollars, which is the Company's functional currency.

Unless noted otherwise, all amounts shown are in thousands, except share and per share amounts.

Basis of Consolidation
These Condensed Consolidated Interim Financial Statements include the accounts of the Company and its subsidiaries as follows:

	% Ownership
5033421 Ontario Inc.	**100%**
CompreMed Canada Inc.	**100%**
HealthPointe Medical Centres Ltd.	**100%**
Renaissance Asset Management (London) Inc.	**100%**
Viable Healthworks (Canada) Corp.	**100%**

The Company controls its subsidiaries with the power to govern its financial and operating policies. All significant intercompany balances and transactions have been eliminated upon consolidation.

4. BUSINESS COMBINATIONS

Healthpointe Acquisition
On February 7, 2021, the Company acquired 100% of the issued and outstanding shares of HealthPointe Medical Centres Ltd. ("HealthPointe") in accordance with the Company's growth strategy.

HealthPointe is a leading pain, spine and sport medicine clinic located in Edmonton, Alberta. The consideration for the acquisition and measurement of the assets acquired and liabilities assumed, in accordance with IFRS 3, *Business Combinations*, is as follows:

Fair value of consideration transferred	**$**
Amount settled in cash	3,200
Amount settled by assumption of debt	2,004
Amount owed for working capital surplus	93
Total consideration transferred	**5,297**
Recognized amounts of identifiable net assets	
Cash	448
Accounts receivable	1,295
Other current assets	316
Property, plant and equipment	2,077
Right-of-use assets	3,873
Other assets	507
Intangible asset – patient relationships	731
Intangible asset – brand	481
Total identifiable assets acquired	**9,728**
Accounts payable, accrued liabilities and other	(1,967)
Deferred tax liability	(339)
Lease obligations	(3,873)
Total liabilities assumed	**(6,179)**
Identifiable net assets acquired	**3,549**
Goodwill on acquisition	**1,748**

Due to the timing of the HealthPointe acquisition estimates have been made with respect to the final working capital adjustment. Management will finalize the accounting for the acquisition no later than one year from the acquisition date and will reflect these adjustments retrospectively, as required under IFRS 3. Immaterial differences between these provisional estimates and the final acquisition accounting may occur.

Consideration transferred
The Company satisfied the purchase price through the payment of $3,200 from cash on hand, the assumption of $2,004 of long-term debt spread across a number of facilities which renew annually for consecutive 12-month periods, and bearing interest at the Royal Bank of Canada (“RBC”) prime rate + 0% (Note 6, *Long-Term Debt*), and $93 for cash and other working capital adjustments.

Identifiable intangible assets
The identifiable patient relationships and brand have been valued using an income approach. Specifically, patient relationships were valued using a multi-period excess earnings method discounted at 12.3%. The brand was valued using a relief from royalty method incorporating a royalty rate of 1.0% and a discount rate of 12.3%.

Patient relationships and the brand are considered finite-lived intangible assets and will be amortized on a straight-line basis over their estimated useful lives of 7 years, with amortization commencing on the acquisition date.

Other identifiable net assets
As part of the HealthPointe acquisition, the Company assumed the right-of-use asset and related lease obligation associated with the Edmonton facility (Note 5, *Lease Obligations*). The acquisition-date fair value was determined as the present value of the lease payments using the Company’s incremental borrowing rate of 7.5%.

The fair value of accounts receivable acquired as part of the business acquisition amounted to $1,295. The fair value of other current assets and other assets includes prepaid expenses, which approximate fair value, and other receivables which have been discounted to reflect their acquisition-date fair values. As of the acquisition date, the Company expects to collect the contractual cash flows in full.

Goodwill
Goodwill is primarily related to growth expectations, particularly for entry into the Alberta market, expected future profitability, the skill and expertise of HealthPointe’s workforce, including the vendor physicians and expected cost synergies. Goodwill has been allocated to the Medical clinics cash-generating unit and will not be deductible for income tax purposes.

Contribution to the Company’s results
For the three months ended March 31, 2021, HealthPointe accounted for $1,808 in revenues and $197 in net income since the February 7, 2021 acquisition date. If the acquisition had been completed on January 1, 2021, the Company estimates it would have recorded $15,667 in pro-forma revenues and $697 in pro-forma net loss for the quarter ended March 31, 2021.

Amounts recognized separately from the business combination
Acquisition related costs amounting to $423 were recognized as part of transaction costs for the quarter ended March 31, 2021 and are not included as part of the consideration transferred.

The purchase and sale agreement includes additional payments to the vendors of up to $1,500 if the vendor physicians generate at least $3,150 of annual gross billings in each of the twelve months ending February 2022 and February 2023. The Company expects to pay $250 in February 2022 and the remaining $1,250 in February 2023, in accordance with the terms of the purchase and sale agreement. The Company has determined that the additional payments are linked to services to be provided by the vendors and as such, the amounts are accounted for as remuneration rather than consideration transferred. As at March 31, 2021, the Company has recognized $188 of remuneration expense in cost of medical services, with a related accrual for the same amount in accounts payable and accrued liabilities.

Unless noted otherwise, all amounts shown are in thousands, except share and per share amounts.

5. LEASE OBLIGATIONS

The Company leases computer equipment and real property for its clinical and office locations in Canada. Lease obligations consist of the following:

	2021	2020
	$	$
Balance, as at January 1	**4,672**	5,691
Additions during the period	**3,960**	-
Payments during the period	**(470)**	(390)
Interest expense during the period	**163**	146
	8,325	5,447
Less amounts due within one year	**1,354**	1,047
Long-term balance, March 31	**6,971**	4,400

As a result of the HealthPointe acquisition, the Company acquired lease obligations of $3,873 relating to the Edmonton facility. The Company also extended one InMedic facility lease during the three months ended March 31, 2021, resulting in additional lease obligations of $87 and total lease obligation additions of $3,960 [March 31, 2020 - $nil]. As a result of these additions, right-of-use assets were recognized and increased by the same amounts.

For the three months ended March 31, 2021, lease payments totalled $470 [March 31, 2020 - $390]. The Company expenses payments for short-term leases and low-value leases as incurred. These payments for short-term leases and low-value leases were not material for the three months ended March 31, 2021 and 2020.

The Company's future cash outflows may change due to variable lease payments, renewal options, termination options, residual value guarantees and leases that have not yet commenced, which the Company is committed to, but are not reflected in the lease obligations. The following is a maturity analysis for undiscounted lease payments that are reflected in the lease obligations as at March 31, 2021:

	$
Less than 1 year	2,030
1 to 2 years	1,830
2 to 3 years	1,633
3 to 4 years	1,207
4 to 5 years	810
Beyond 5 years	3,900
	11,410

See Note 11, *Commitments* for additional information on estimated additional rent payment obligations related to the Company's leases on its clinical and office locations.

6. LONG-TERM DEBT

	March 31, 2021	December 31, 2020
	$	$
Royal Bank of Canada	**5,996**	4,329
Less amounts due within one year	**4,686**	3,091
Long-term balance	**1,310**	1,238

Bank Term Loan

On February 26, 2018, the Company acquired long-term debt as a result of the business combination with Renaissance Asset Management (London) Inc. ("RAM"). As at March 31, 2021, of the outstanding long-term debt,

Unless noted otherwise, all amounts shown are in thousands, except share and per share amounts.

$2,695 bears interest at RBC Prime+1.95%, matured in February 2021 and was renewed for a consecutive 12-month period (Facility #1), $1,246 bears interest at a rate of 5.23% and matures in September 2023 (Facility #2).

On August 19, 2020, the Company entered into amendment agreements with respect to the long-term debt pursuant to which, among other things, the Company amended certain operating and financial restrictions to reflect the Company's current business operations and structure. As part of the amendment, Facility #1 requires payments no later than 120 days after each year end as, and by way of, a prepayment of a portion of the principal amount outstanding equal to an amount up to 25% of the free cash flow of the Company for such fiscal year. The credit facilities include restrictive covenants relating to indebtedness, operations, investments, capital expenditures and other standard operating business covenants. The credit facilities are secured by all of the assets of the Company.

On February 7, 2021, the Company assumed approximately $2.0 million of long-term debt related to the HealthPointe acquisition. The term debt is spread across a number of facilities which renew annually for consecutive 12-month periods, and bear interest at RBC Prime+0%. In addition, the Company assumed and has available a $750 revolving demand facility bearing interest at RBC Prime+0% that was unutilized as at March 31, 2021. These credit facilities include the same restrictive covenants and are secured by all of the assets of the Company.

The Company has long-term debt outstanding with a principal balance of $160, which is interest free and repayable on or before December 31, 2022. These loans were made available to the Company under the Canada Emergency Business Account, a government-backed program designed to assist businesses impacted by COVID-19.

The schedule of repayments of long-term debt, based on maturity is as follows:

	< 1 year $	1 year $	2 years $	Total $
Facility #1	2,695	-	-	2,695
Facility #2	96	96	1,054	1,246
HealthPointe	1,895	-	-	1,895
CEBA	-	160	-	160
	4,686	**256**	**1,054**	**5,996**

7. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares with no nominal or par value, with a right to vote per share and carry a right to a dividend when declared by the Board of Directors.

During the three months ended March 31, 2021, the Company issued 3,225,000 common shares related to the conversion of warrants to common shares (see Note 9, *Warrants*). During the three months ended March 31, 2020, the Company did not issue any common shares.

8. STOCK-BASED COMPENSATION

The Company has three stock-based compensation plans: the Amended and Restated Stock Option Plan ("Stock Option Plan"), the Employee Share Purchase Plan ("ESPP") and the Restricted Share Unit ("RSU") Plan.

Stock Option Plan

During the three months ended March 31, 2021 and March 31, 2020, there were no issuances of options under the Stock Option Plan. As at March 31, 2021, the maximum number of common shares available for issuance under the Stock Option Plan was 2,585,815 [December 31, 2020 - 2,263,315].

The following table summarizes the outstanding and exercisable options held by directors, officers, employees and consultants as at March 31, 2021:

	Outstanding			Exercisable	
Exercise Price Range	**Options**	**Remaining Contractual Life**	**Weighted Average Exercise Price**	**Vested Options**	**Weighted Average Exercise Price**
$	**000s**	**years**	**$**	**000s**	**$**
1.00	1,462	3.7 - 4.3	1.00	726	1.00
0.87	459	6.4	0.87	-	-

Restricted Share Unit Plan
During the three months ended March 31, 2021 and March 21, 2020, there were no issuances of RSUs under the RSU Plan. As at March 31, 2021, the maximum number of common shares available for issuance under the RSU Plan is 2,000,000.

The following table summarizes the outstanding RSUs held by directors, officers, employees and consultants as at March 31, 2021:

RSUs	**Grant Date**	**Share Price**	**Vesting Period**	**Vested RSUs**	**Fair Value per SU**
000s		**$**	**years**	**000s**	**$**
161	September 1, 2020	0.87	4	-	0.87
37	September 1, 2020	0.87	1	-	0.87

Employee Share Purchase Plan
The maximum number of common shares available for issuance under the ESPP is 500,000. No common shares have been issued under this plan.

Summary of Stock-based Compensation
Stock-based compensation for the three months ended March 31, 2021 was $77 [March 31, 2020 - $25] and has been included in general and administrative expenses.

The maximum number of common shares that can be issued under all three plans cannot exceed 20% of the total number of common shares outstanding calculated on a non-diluted basis.

9. WARRANTS

As at March 31, 2021, the following warrants were outstanding:

				Fair Value Black-Scholes Model Inputs			
Type	**Exercise Price**[i]	**Warrants Outstanding**[i]	**Weighted Average Remaining Contractual Life**	**Risk Free Rate**	**Expected Life**[i]	**Volatility**	**Fair Value**[i]
	$	**000s**	**years**	**%**	**years**	**%**	**$**
Warrants	0.25	4,480	4.84	0.73	4 - 9	55.00	800
Warrants	1.30	1,986	1.72	1.47 - 2.29	2 - 3	60.95 - 75.14	357
Warrants	2.00	1,000	1.15	0.97	2	39.10	37
Prepaid warrants	0.0001	7,195	0.90	1.89	3	43.18	6,763
Warrants issued as a component of convertible debentures and Preferred Shares	1.00	1,250	0.96	-	-	-	117
Klinik RTO warrants	1.00	300	0.67	1.52	1.44	50.48	74
Bought deal warrants	1.25	6,670	1.62	1.19	2	59.03	983
Bought deal finder warrants	0.90	800	1.62	1.19	2	59.03	216
		23,681					**9,347**

(i) 1,953,750 warrants with a fair value of $532, life of three years and exercise price of $1.00 expired during the three months ended March 31, 2021.

On February 23, 2021, 3,225,000 prepaid warrants with a fair value of $3,031 and exercise price of $0.0001 were exercised for common shares. The company received nominal cash proceeds upon exercise.

The Company did not issue any additional warrants during the three months ended March 31, 2021 [March 31, 2020 - nil].

10. NET CHANGE IN NON-CASH WORKING CAPITAL

Net change in non-cash working capital consists of:

	Three months ended March 31, 2021	Three months ended March 31, 2020
	$	$
Accounts receivable	**37**	1,058
Other assets	**105**	(19)
Accounts payable and accrued liabilities	**(152)**	(477)
Income tax liabilities	**75**	99
Provisions	**(75)**	(180)
Net change in non-cash working capital	**(10)**	481

Unless noted otherwise, all amounts shown are in thousands, except share and per share amounts.

11. COMMITMENTS

The Company leases real property for its clinical and office locations in Canada. The Company is committed, under estimated additional variable rent payment obligations, as follows:

	Expiry	Additional Rent Payments	1 year	2-3 years	4-5 years	More than 5 years
Clinic Location		$	$	$	$	$
London	June 30, 2025	956	225	450	281	-
Hamilton	November 30, 2022	107	64	43	-	-
Mississauga	February 28, 2024	546	187	359	-	-
Oakville	July 31, 2022	63	47	16	-	-
Brampton	July 31, 2025	173	40	80	53	-
Toronto	December 31, 2023	143	52	91	-	-
Scarborough	July 31, 2022	89	67	22	-	-
Oshawa	November 30, 2025	294	63	126	105	-
Ottawa	July 31, 2028	674	92	184	184	214
Edmonton	December 31, 2033	5,061	397	794	794	3,076
		8,106	**1,234**	**2,165**	**1,417**	**3,290**

These additional rent payments are variable, and therefore have not been included in the ROU asset or lease obligations.

12. 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, 2021	December 31, 2020
	$	$
Financial assets at amortized cost		
Cash and cash equivalents	**7,484**	10,850
Accounts receivable	**8,930**	7,672
Total financial assets	**16,414**	18,522
Financial liabilities at amortized cost		
Accounts payable and accrued liabilities	**7,520**	5,612
Provisions	**75**	150
Due to related parties	**3,674**	3,674
Long-term debt	**5,996**	4,329
Lease obligations	**8,325**	4,672
Total financial liabilities	**25,590**	18,437

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

Financial Instruments

IFRS 13, *Fair Value Measurements* 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 the 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, 2021 and 2020.

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 and accounts receivable. The Company's objective with regards 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 relates to medical services 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 is 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.

As a result of COVID-19, the Company has not noted a significant change in the credit risk of its financial instruments.

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 a result of COVID-19, the Company has reviewed the working capital requirements needed for medical supplies and the additional safety protocols that were implemented to comply with guidelines from the Ontario Government (See Note 2, *Going Concern Assumption*).

Unless noted otherwise, all amounts shown are in thousands, except share and per share amounts.

As at March 31, 2021, the Company's financial liabilities had contractual maturities as summarized below:

		Current	Non-current		
	Total	**Within 12 Months**	**1 to 2 Years**	**3 to 5 Years**	**> 5 years**
	$	**$**	**$**	**$**	**$**
Accounts payable and accrued liabilities	**7,520**	7,520	-	-	-
Provisions	**75**	75	-	-	-
Due to related parties	**3,674**	-	3,674	-	-
Long-term debt	**5,996**	4,686	1,310	-	-
Lease obligations	**8,325**	1,354	2,469	1,469	3,033
	25,590	**13,635**	**7,453**	**1,469**	**3,033**

The Company believes that its current working capital will be sufficient to satisfy its current debt obligations; however, the Company's ability to satisfy its non-current debt obligations will depend principally upon its future operating performance. The Company's inability to generate sufficient cash flow to satisfy its debt service obligations or to refinance its obligations on commercially reasonable terms could materially adversely impact the Company's business, financial condition or operating results.

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. Only 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 loss and comprehensive 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 long-term debt are at fixed rates of interest. Those 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.

13. 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, 2021	December 31, 2020
	$	$
Due to Bloom Burton & Co. Inc.	**3,631**	3,631
Due to Bloom Burton Development Corp.	**43**	43
	3,674	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. BBCI has agreed not to call the loan prior to December 31, 2022.

The amount due to Bloom Burton Development Corp. ("BBDC"), a shareholder of the Company, is non-interest bearing, unsecured and due on demand. BBDC has agreed not to call the loan prior to December 31, 2022.

Unless noted otherwise, all amounts shown are in thousands, except share and per share amounts.

14. DISAGGREGATED REVENUES

The Company's revenues are disaggregated by major category:

	Three months ended March 31, 2021	Three months ended March 31, 2020
	$	$
Clinic revenue	**13,542**	10,792
Non-clinic revenue	**651**	810
Total revenue	**14,193**	11,602

Non-clinic revenue is earned from physician staffing allocation services where NeuPath provides physicians for institutions and hospital health departments across Canada, and from contract research services provided to pharmaceutical companies and clinical research organizations.

The Company has two major customers that accounted for 90% of the Company's total revenue for the three months ended March 31, 2021 [one major customer represented 92% of the Company's total revenue for the three months ended March 31, 2020].

15. CONTINGENCIES

Litigation

From time to time, the Company may become involved in litigation, which arises in the normal course of business. In respect of claims relating to litigation, the Company believes it has prepared valid defenses, which it continues to adamantly defend and has made adequate provision for the outcomes of such claims in these Condensed Consolidated Interim Financial Statements. The Company believes that no material exposure exists on the eventual settlement of such litigation, beyond settlements for lease terminations, as provided for in these Condensed Consolidated Interim Financial Statements.

Harmonized Sales Tax

From time to time, the Company may be subject to review and audit of its tax filing positions which arises in the normal course of business. As a result of a Harmonized Sales Tax ("HST") audit being carried out by the CRA, the CRA has challenged the Company's filing position over its pain-related medical services and has assessed additional HST amounts owing for 2014 and 2015. During 2019, the additional HST amounts assessed were paid through installments, which the Company expects to recover once the objection has been resolved in the Company's favour and, accordingly, the $1.3 million paid is included in accounts receivable as at March 31, 2021. During 2019, following the installment payments, the CRA extended the period under the HST audit to include 2016, 2017, 2018 and a portion of 2019. The result of their assessment was that further amounts were owing for the intervening years totalling $1.6 million (before interest), of which no amounts have been paid to the CRA, representing a total potential loss contingency of $2.9 million. The CRA has held back the Company's HST refunds in the amount of $0.5 million, increasing the total HST receivable balance as at March 31, 2021 to $1.8 million. The amount outstanding to the CRA as at March 31, 2021, including interest, was $1.4 million.

The Company believes it has prepared valid defenses and that its filing position is well supported by industry practice and the regulations governing and defining tax exempt medical services. Accordingly, the Company has filed a Notice of Objection to the CRA assessment and believes its defense against these assessments will be successful. The Company has not provisioned any incremental amounts for additional HST liabilities as a result of this exposure. If the Company is not able to defend its position with the CRA and an adverse outcome is rendered, the resulting liabilities would have a material effect on the Company's financial statements.