Management’s Discussion and Analysis

August 26, 2020 / 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. (formerly Klinik Health Ventures Corp.) 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 and six months ended June 30, 2020. NeuPath’s accounting policies are in accordance with International Financial Reporting Standards (“IFRS”).

All amounts in this MD&A are expressed in thousands of Canadian dollars except per share figures, unless otherwise noted.

The Company uses non-IFRS financial measures in the MD&A. For a detailed reconciliation of the non-IFRS measures used in this MD&A, please see the discussion under “Non-IFRS 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, title disputes or claims, limitations of insurance coverage 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. 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 disclaim 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.

Highlights and Key Business Developments

Reverse Take-over Transaction
On June 25, 2020, the Company completed its qualifying transaction with 2576560 Ontario Inc. ("257"), Canada's largest provider of chronic pain management services (the "Qualifying Transaction"). Prior to the Qualifying Transaction, the Company was known as Klinik Health Ventures Corp. ("Klinik"), a capital pool company as defined by Policy 2.4 of the TSX Venture Exchange (the "Exchange"). Pursuant to the terms of the Qualifying Transaction, the Company indirectly acquired all of the issued and outstanding shares of 257 in consideration for common shares of the Company. The Qualifying Transaction resulted in a reverse takeover of the Company by 257. Upon the completion of the Qualifying Transaction, the business of 257 became the business of the Company as a result of 257 becoming a wholly owned subsidiary of the Company. The common shares of the Company resumed trading on the Exchange on July 6, 2020 under the ticker symbol "NPTH" (See *Significant Transactions – Qualifying Transaction*).

The shareholders of 257 held approximately 86.4% of the voting shares of the Company immediately after the transaction and is considered the acquiring company for accounting purposes. Since Klinik did not meet the definition of a business under IFRS 3, the acquisition was accounted for as the purchase of Klink's assets by 257. Consequently, the transaction is accounted for as a continuation of the financial statements of 257.

During the quarter and prior to the release of the second quarter results:

- Revenue decreased to $11.2 million for the three months ended June 30, 2020 from $13.0 million in the comparative quarter due to the impact of COVID-19 (See *Impact of the COVID-19 Pandemic*);

- Adjusted EBITDA increased to $0.6 million or 5.3% of revenue for the three months ended June 30, 2020 compared to $0.4 million or 3.2% of revenue in the comparative quarter;

- In response to COVID-19, the Company started offering virtual visits to patients and successfully converted approximately 12% of total patient visits to virtual visits; and

- Patient visit volumes returned to pre-COVID-19 levels in June.

Impact of the COVID-19 Pandemic
On March 11, 2020, the World Health Organization declared the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", a global pandemic. The outbreak resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which included the implementation of travel bans, border shutdowns, self-imposed quarantine periods, closure of non-essential businesses and restrictive social measures, have caused material disruption to businesses globally, resulting in an economic slowdown, and significant volatility in global equity markets.

COVID-19 had a negative impact on the Company's revenue in March and the start of the second quarter. A number of patients cancelled appointments and, in an effort to protect our patients, staff, and physicians, we restricted patient volumes in our clinics and temporarily closed three clinics to patients visits at the end of March. To minimize the impact on revenue, we were able to shift some patients, physicians and staff to other clinics in our network. In addition, we started to offer virtual visits to our patients and during the quarter, we successfully converted approximately 12% of total patient visits to virtual visits. After implementing additional safety protocols, the three clinics closed to patient visits in March were reopened in late April and early May. In addition, patient demand increased in late April and we continued to see improved business performance in May and June. In the quarter, revenue declined to $11.2 million from $13.0 million in the comparative quarter.

In response to the negative economic impact of COVID-19, various government programs have been announced to provide financial relief to affected businesses. The Company determined that it qualified for the Canada Emergency Wage Subsidy ("CEWS") program under the COVID-19 Economic Response Plan in Canada. For the three and six months ended June 30, 2020, the Company recognized payroll subsidies of $0.5 million under CEWS. In addition, the Company deferred $0.4 million in debt repayments representing monthly principal payments of $0.1 million on its RBC debt facility from March to June.

COVID-19 also impacted the cost of providing medical services to our patients. The Company incurred additional costs related to purchasing personal protection equipment, as well as additional labour costs to screen patients for COVID-19 symptoms prior to their appointments to ensure the safety of patients, physicians and our staff. This increase in labour costs was offset by CEWS. This resulted in a decrease in cost of medical services as a percentage of revenue to 78.7% in the quarter compared to 79.7% in the comparative quarter.

NeuPath's executive team is closely monitoring the evolution of the pandemic and continues to focus on using technology to improve patient care. The health and safety of our employees, patients, physicians, and community continue to be a top priority and the Company will continue to operate in a manner consistent with the emergency measures implemented by the Government of Canada and the Province of Ontario to combat the spread of COVID-19.

Overview

NeuPath is Canada's largest provider of chronic pain management services that operates under two leading brands in Ontario: CPM - Centres for Pain Management ("CPM") and InMedic Creative Medicine ("InMedic"). NeuPath has 12 locations across Ontario with more than 100 health care 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 provides workplace health services and independent medical assessments to disability insurers through its subsidiary, CompreMed Canada Inc. ("CompreMed"). The single, largest cost of chronic pain is lost productivity due to job loss and sick days.

Background
NeuPath's mission is to provide patients with the care and tools they need to live a complete and fulfilled life and to assist its patients to reclaim the daily life activities that have been taken by injury or illness. NeuPath operates a number of businesses providing medical services to a variety of customers.

Chronic Pain Medical Clinics
NeuPath is Canada's largest service provider in the highly fragmented chronic pain management market and operates 12 chronic pain management clinics across Ontario under two leading brands: (i) CPM and (ii) InMedic.

Chronic pain affects approximately 1 in 5 Canadians and is a complex, multidimensional condition impacted by biological, behavioural and social factors. As a result, NeuPath's more than 100 health care providers consider each of these factors when assessing and treating each patient. Traditional medical treatments are supplemented with access to medical cannabis, NeuPath's Chronic Pain Self-Management Program and mindfulness meditation. This multimodal approach goes beyond treating the pain sensation and targets some of the underlying and contributing behavioural and social factors. In addition, the multimodal approach provides patients with the education and tools needed to help self-manage their chronic condition.

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 treatments and procedures that are not covered by provincial health plans or third-party health insurance plans and are billed directly to patients.

Patients experiencing pain for at least three months are referred to NeuPath clinics by family physicians or nurse practitioners. Prior to their first visit, patients complete an extensive questionnaire. The questionnaire is designed to gain a better understanding of the patient's pain, the pain's impact on their life, and the patient's medical history and lifestyle. Patients then complete an assessment with one of NeuPath's chronic pain practitioners. The goal of the assessment is to gain a better understanding of the patient's condition in order to create a treatment plan. Every patient is different from a biological, behavioural, and social perspective, so treatment plans reflect these differences and vary from patient to patient. Common elements of treatment plans include:

- Injection-based Therapies: NeuPath's physicians inject analgesics around a specific nerve or bundle of nerves with the goal of reducing pain intensity. These nerve blocks are covered to varying degrees by provincial health plans. In addition, NeuPath also offers therapeutic Botox injections for the treatment and prevention of chronic migraines. Botox injections are covered by some third-party health insurance plans.

- Infusion Therapy: At select clinic locations, NeuPath offers intravenous lidocaine infusion therapy for the treatment of neuropathic pain, Complex Regional Pain Syndrome, and chronic diabetic neuropathy. In general, provincial health insurance plans offer coverage for intravenous lidocaine infusion therapy.

- Chronic Pain Self-Management Program: Based on research conducted at Stanford University, the Chronic Pain Self-Management Program is a group-based, facilitated, and highly interactive six week/twelve-hour program. The program is a psychoeducational, cognitive behavioural program which helps patients better understand chronic pain and teaches non-medicated coping strategies and goal setting. Topics include: techniques and coping strategies to deal with frustration, fatigue, pain, and isolation; appropriate exercise for improving and maintaining strength, flexibility, and endurance; appropriate use of medications; communicating effectively with family, friends, and health professionals; nutrition; and evaluating new treatments. Research has shown that similar programs have shown significant short-term improvements in pain, dependency, vitality, aspects of role functioning, life satisfaction and self-efficacy.

- Optimization of Pharmacotherapy: The Canadian Pain Society guidelines for the treatment of neuropathic pain recommends gabapentinoids, tricyclic antidepressants, and serotonin-norepinephrine reuptake inhibitors as first-line agents for treating neuropathic pain. Tramadol and other opioids are recommended as second-line agents for treating neuropathic pain. Oftentimes, the therapies patients receive at NeuPath will allow NeuPath's physicians to optimize, reduce, eliminate or replace patients' pain medications. For example, research shows that intravenous lidocaine infusions are an effective adjuvant therapeutic approach for chronic pain management particularly for opioid dependent patients.

- Medical Cannabis: In conjunction with other therapeutic approaches, NeuPath's physicians also prescribe medical cannabis where appropriate. The Canadian Pain Society recently updated their guidelines for the treatment of neuropathic pain and cannabinoids are recommended as third-line agents.

NeuPath measures capacity utilization across its clinic network using a calculation based on an amalgam of the percentage of available physician shifts that are staffed and the percentage of available appointment slots that are filled. Recognizing that reaching 100% capacity utilization is not a realistic goal, NeuPath uses 80% as theoretical full capacity. Based on theoretical full capacity, NeuPath's current capacity utilization is 51% across its clinic network for the six-month period ended June 30, 2020 compared to 56% for the year ended December 31, 2019. Capacity in the first half of 2020 was negatively impacted by COVID-19. NeuPath believes there is a significant opportunity to grow revenues by increasing capacity utilization, which NeuPath is working to accomplish by recruiting more physicians, increasing patient throughput and adding complementary services to its clinics.

In addition to opportunities to grow revenue organically, NeuPath believes there is an opportunity to grow via acquisition. The physician services clinic segment in Canada is fragmented and regionalized due to provincial administration of health insurance plans. In addition, there are a limited number of groups acquiring clinics which, combined with the fragmented nature of the market, leads NeuPath to believe there is an opportunity to acquire clinics at attractive valuations. For these same reasons, NeuPath also believes that acquiring clinics is an effective way to grow its geographic footprint and enter new markets.

Corporate Wellness
Studies have shown that chronic pain is more costly than cancer, HIV, and heart disease combined. This cost is mainly driven by lost productivity due to job loss and sick days. In an effort to help employees return to work and reduce productivity losses, NeuPath provides workplace health services and independent medical assessments to disability insurers and employers through its subsidiary, CompreMed. Disability insurers and employers' contract with CompreMed to provide medical assessments for plan members or employees.

Physician Staffing
NeuPath provides physician staffing for provincial correctional institutions, federal correctional institutions, and hospital health departments across Canada.

Clinical Research
NeuPath provides contract research services to pharmaceutical companies. Research studies on chronic pain are underfunded and despite the large economic burden of chronic pain, only a fraction of health research spending is directed to chronic pain focused studies. Additional research benefits our patients and care providers, so NeuPath is committed to participating in, funding, or generating more chronic pain research. NeuPath is currently enrolling patients in a 1,000 patient study focused on chronic pain and the impact of NeuPath's treatments on patients' lives.

Growth Strategy

The Company's growth strategy is focused on two key pillars:

- Organic growth – The Company's focus is to generate revenue growth by improving capacity utilization at its existing medical clinics. Capacity improved to 56% in 2019 compared to 29% in 2017, but was negatively impacted by COVID-19 in the six-month period ended June 30, 2020 and decreased to 51%.

- Strategic acquisitions – The market for medical clinics is highly fragmented in Canada. The Company plans to acquire medical clinics in other provinces to expand its footprint and continue to leverage its existing infrastructure.

Significant Transactions

Qualifying Transaction
On June 25, 2020, the Company closed its Qualifying Transaction. The Qualifying Transaction was effected through a reverse takeover structured as a court approved plan of arrangement under Section 182 of the *Business Corporations Act* (Ontario) (the "Arrangement") on the terms and conditions set out in the arrangement agreement dated as of April 24, 2020, among the Company, 2752695 Ontario Inc. (a wholly owned subsidiary of the Company at the time) and 257.

Pursuant to the Arrangement: (i) the holders of common shares of 257 received five (5) common shares of the Company in exchange for each common share of 257 held by them (the "Exchange Ratio"); (ii) all outstanding options and warrants of 257 were exchanged, based on the Exchange Ratio, for options and warrants of the Company on substantially similar terms and conditions; and (iii) 257 amalgamated with 2752695 Ontario Inc. Immediately following the completion of the Arrangement, the Company completed a share consolidation on a 5:1 basis (the "Consolidation"). Upon completion of the Arrangement and the Consolidation, there were 28,503,446 common shares of the Company issued and outstanding, of which, former shareholders of 257 held approximately 86% of the Company's then issued and outstanding common shares. As a result, the Qualifying Transaction resulted in the reverse takeover of the Company by 257.

Upon completion of the Qualifying Transaction, the business of 257 became the business of the Company as a result of 257 becoming a wholly owned subsidiary of the Company. The common shares of the Company resumed trading on the Exchange on July 6, 2020 under the ticker symbol "NPTH".

Convertible Debenture Issuance

From October 13, 2017 to May 15, 2018, the Company, through various tranches, completed a non-brokered private placement of convertible debenture units of NeuPath ("NeuPath Convertible Debenture Units") for aggregate gross proceeds of $4.2 million. Each NeuPath Convertible Debenture Unit consisted of: (i) a NeuPath convertible debenture; and (ii) 2,500 NeuPath warrants ("NeuPath Warrants"). In connection with the NeuPath Convertible Debenture Unit offering, 1,041,250 NeuPath Warrants were issued.

Each NeuPath convertible debenture is convertible at any time up to and including the date that is twenty-four months from the date of issuance and has a stated interest rate of 8%, at the conversion price. Each NeuPath Warrant issued in connection with the NeuPath Convertible Debenture Unit offering, other than the NeuPath Warrants issued in connection with the tranche that was completed on May 15, 2018, entitles the holder thereof, subject to adjustments, to acquire one NeuPath share at any time on or before the date that is thirty-six (36) months from the date of issuance, at a price of $1.00 per NeuPath share. Each of the NeuPath Warrants issued in connection with the tranche that was completed on May 15, 2018, entitles the holder thereof, subject to adjustments, to acquire one NeuPath share at any time on or before the date that is twenty-four (24) months from the date of issuance, at a price of $1.00 per NeuPath share.

The NeuPath convertible debentures may be converted into common shares at the discretion of the holder at the lesser of $1.00 per common share or a 25% discount to the price per common share upon the occurrence of a liquidity event.

A liquidity event is defined as follows ("Liquidity Event"):

- The completion of a public offering of common shares by the Company and listing of same on a Canadian or U.S. stock exchange;
- The sale for cash proceeds of all the issued and outstanding shares in the capital stock of the Company; and
- The amalgamation or any other corporate transaction involving the Company with or into another entity pursuant to which the common shares of the resulting issuer from such transaction are listed on a Canadian or U.S. stock exchange.

In the fourth quarter of 2019, the maturity date of the NeuPath convertible debentures was extended to March 31, 2020. Subsequently, on March 24, 2020, the maturity date was further extended to August 31, 2020.

Pursuant to the Qualifying Transaction with Klinik, the face value of the convertible debentures and all accrued and outstanding interest was converted to 6,724,691 common shares of 257.

The Company did not issue any convertible debentures during the three and six months ended June 30, 2020 or during the year ended December 31, 2019. There were no convertible debenture obligations at June 30, 2020.

Preferred Shares Issuance

From October 31, 2017 to December 21, 2017, NeuPath completed a non-brokered private placement of Class A Preferred Share units of NeuPath (the "NeuPath Preferred Share Units") for aggregate gross proceeds of $835. Each NeuPath Preferred Share Unit consisted of: (i) one NeuPath Preferred Share; and (ii) one-quarter of a NeuPath Warrant. In connection with the Preferred Share Unit offering, 835,000 NeuPath Preferred Shares and 208,750 NeuPath Warrants were issued.

Each NeuPath Preferred Share entitles the holder thereof to receive an annual dividend equal to 8% of the initial NeuPath Preferred Share price of $1.00, which accrues quarterly in arrears and is payable in kind. Each issued and fully paid NeuPath Preferred Share may at any time be converted, at the option of the holder thereof, into NeuPath shares at the conversion price. The NeuPath Preferred Shares will automatically convert into NeuPath shares at the lesser of $1.00 per common share or a 25% discount to the price per common share upon the occurrence of a Liquidity Event. In addition, the NeuPath Preferred Shares are required to be redeemed by NeuPath for cash at a price of $1.00 per NeuPath Preferred Share on the date that is two years from the date of issuance. On December 10, 2019, the NeuPath Preferred Share mandatory redemption period was extended to March 31, 2020. On March 24, 2020, the NeuPath Preferred Share mandatory redemption period was further extended to August 31, 2020.

Pursuant to the Qualifying Transaction with Klinik, the preferred shares and all accrued and outstanding interest was converted to 1,351,796 common shares of 257.

Non-IFRS Financial Measures

The Company discloses non-IFRS measures (such as adjusted EBITDA) that do not have standardized meanings prescribed by IFRS. The Company believes that shareholders, investment analysts and other readers find such measures helpful in understanding the Company's financial performance. Non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and may not have been calculated in the same way as similarly named financial measures presented by other reporting issuers and therefore unlikely to be comparable to similar measures presented by other companies. Furthermore, these non-IFRS measures should not be considered in isolation or as a substitute for measures of performance or cash flows as prepared in accordance with IFRS.

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 net income (loss) before depreciation and amortization, net interest expense (income) and income tax expense (recovery), plus stock-based compensation expense, restructuring, fair value adjustments, listing expense and transaction costs, impairment and finance income. Management believes adjusted EBITDA is a useful supplemental measure to determine the Company's ability to generate cash available for working capital, capital expenditures, debt repayments, interest expense and income taxes.

The following table provides a reconciliation of adjusted EBITDA to net income (loss):

	Three Months ended June 30		Six Months ended June 30	
	2020	2019	**2020**	2019
	$	$	**$**	$
Net loss and comprehensive loss	**(3,351)**	(817)	**(4,181)**	(1,960)
Add back:				
Depreciation and amortization	**628**	594	**1,260**	1,230
Net interest expense	**690**	463	**1,136**	932
Income tax expense	**107**	164	**207**	292
EBITDA	**(1,926)**	404	**(1,578)**	494
Add back:				
Stock-based compensation	**38**	-	**63**	-
Fair value adjustments	**242**	31	**405**	308
Listing expense and transaction costs	**2,258**	-	**2,258**	-
Finance income	**(12)**	(14)	**(24)**	(28)
Adjusted EBITDA	**600**	421	**1,124**	774

Selected Financial Information

	Three Months ended June 30		Six Months ended June 30	
	2020	2019	**2020**	2019
	$	$	**$**	$
Operations				
Clinic revenue	**10,452**	12,150	**21,244**	22,393
Non-clinic revenue	**770**	855	**1,580**	1,533
Total Revenue	**11,222**	13,005	**22,824**	23,926
Total operating expenses	**11,978**	13,641	**24,159**	25,314
Loss from operations	**(756)**	(636)	**(1,335)**	(1,388)
Other expenses	**2,488**	17	**2,639**	280
Loss before income taxes	**(3,244)**	(653)	**(3,974)**	(1,668)
Income tax expense	**107**	164	**207**	292
Net loss and total comprehensive loss	**(3,351)**	(817)	**(4,181)**	(1,960)
Adjusted EBITDA[1]	**600**	421	**1,124**	774

	As at June 30, 2020	As at December 31, 2019
Financial Position	**$**	$
Cash	**3,289**	883
Total assets	**38,773**	37,990
Total non-current liabilities	**9,105**	10,181
Total liabilities	**20,981**	28,219
Total equity	**17,792**	9,771

1. Adjusted EBITDA is a non-IFRS measure. Please refer to *Non-IFRS Financial Measures* above.

Results of Operations

Medical Services

	Three Months ended June 30		Six Months ended June 30	
	2020	2019	**2020**	2019
	$	$	**$**	$
Clinic revenue	**10,452**	12,150	**21,244**	22,393
Non-clinic revenue	**770**	855	**1,580**	1,533
Total revenue	**11,222**	13,005	**22,824**	23,926

Total revenue is comprised of clinic revenue and non-clinic revenue. Total revenue was $11.2 million and $22.8 million for the three and six months ended June 30, 2020 compared to $13.0 million and $23.9 million for the three and six months ended June 30, 2019. The decrease in total revenue was primarily related to the impact of COVID-19. As a result of COVID-19, the Company temporarily closed three clinics to patient visits from late March to early May and limited the number of patients in a clinic at one time to ensure all safety protocols were adhered to. Overall, capacity utilization decreased to 51% for the three and six months ended June 30, 2020 compared to 58% and 54% in the three and six months ended June 30, 2019.

Clinic revenue

Clinic revenue was $10.5 million and $21.2 million for the three and six months ended June 30, 2020 compared to $12.2 million and $22.4 million for the three and six months ended June 30, 2019. Clinic revenue is based on medical services provided by InMedic, CPM and CompreMed. In the quarter, the Company recognized a one-time pickup to revenue of $0.9 million related to the Kaplan board of arbitration award ("Kaplan Award") that increased physician billing fees on services performed in prior years. Excluding the impact of the Kaplan Award, clinic revenue decreased to $9.6 million and $20.3 million for the current three and six-month periods due to the impact of COVID-19.

Non-clinic revenue

Non-clinic revenue was $0.8 million and $1.6 million for the three and six months ended June 30, 2020 compared to $0.9 million and $1.5 million for the three and six months ended June 30, 2019. Non-clinic revenue is earned from physician staffing where NeuPath provides physicians for provincial correctional institutions, federal correctional institutions and hospital health departments 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 one major customer that accounted for 92% of the Company's total revenue for the three months ended June 30, 2020 [June 30, 2019 - 92%]. The Company's credit risk is low as its major customer is a government organization.

Operating Expenses

	Three Months ended June 30		Six Months ended June 30	
	2020	2019	**2020**	2019
	$	$	**$**	$
Cost of medical services	**8,833**	10,359	**18,204**	19,162
General and administrative	**1,513**	1,904	**2,908**	3,362
Occupancy costs	**320**	347	**666**	668
Depreciation and amortization	**622**	568	**1,245**	1,190
Interest cost	**690**	463	**1,136**	932
Total operating expenses	**11,978**	13,641	**24,159**	25,314

Total operating expenses were $12.0 million and $24.2 million for the three and six months ended June 30, 2020 compared to $13.6 million and $25.3 million for the three and six months ended June 30, 2019.

Cost of Medical Services

Cost of medical services was $8.8 million and $18.2 million for the three and six months ended June 30, 2020 compared to $10.4 million and $19.2 million for the three and six months ended June 30, 2019. Cost of medical services decreased due to a reduction in medical services revenue as well as the receipt of CEWS during the current quarter which have been included as an offset to payroll expense, partially offset by an increase in costs related to COVID-19. The Company incurred additional staffing costs related to COVID-19 to prescreen patients for COVID-19 symptoms prior to appointments, as well as additional costs for personal protection equipment for its staff. Cost of medical services represented 78.7% and 79.8% of total revenues for the three and six months ended June 30, 2020, a slight improvement from 79.7% and 80.1% for the three and six months ended June 30, 2019 related to COVID-19.

General and Administrative

General and administrative ("G&A") expenses decreased to $1.5 million and $2.9 million for the three and six months ended June 30, 2020 compared to $1.9 million and $3.4 million for the three and six months ended June 30, 2019. In the current quarter, the Company recognized CEWS payroll subsidies of $0.2 million which was an offset to payroll expenses.

Occupancy Costs
Occupancy costs were $0.3 million and $0.7 million for the three and six months ended June 30, 2020, unchanged compared to the three and six months ended June 30, 2019. Occupancy costs represent the costs related to leased and owned facilities. The Company leases eleven facilities and owns one facility.

Depreciation and Amortization
Depreciation and amortization expenses were $0.6 million and $1.2 million for the three and six months ended June 30, 2020, unchanged compared to the three and six months ended June 30, 2019.

Interest Cost
Interest costs were $0.7 million and $1.1 million for the three and six months ended June 30, 2020 compared to $0.5 million and $0.9 million for the three and six months ended June 30, 2019. Interest costs relate to the outstanding debt and interest charges due to the adoption of IFRS 16, *Leases*.

Loss from Operations
Loss from operations was $0.8 million for the three months ended June 30, 2020 compared to $0.6 million for the three months ended June 30, 2019. The increase in loss from operations in the current quarter was related to a decrease in revenue.

Loss from operations was $1.3 million for the six months ended June 30, 2020 compared to $1.4 million for the six months ended June 30, 2019. The decrease in loss from operations in the current six-month period was related to a decrease in G&A expenses.

Other Expenses (Income)

	Three Months ended June 30		Six Months ended June 30	
	2020	2019	**2020**	2019
	$	$	**$**	$
Fair value adjustments	**242**	31	**405**	308
Finance income	**(12)**	(14)	**(24)**	(28)
Listing expense and transaction costs	**2,258**	-	**2,258**	-
Total other expenses	**2,488**	17	**2,639**	(280)

Fair Value Adjustments
The Company recognized expenses of $0.2 million and $0.4 million for the three and six months ended June 30, 2020 related to fair value adjustments on the preferred shares and convertible debentures compared to expenses of $31 and $0.3 million for the three and six months ended June 30, 2019.

Finance Income
Finance income was $12 and $24 for the three and six months ended June 30, 2020 compared to $14 and $28 for the three and six months ended June 30, 2019. Finance income relates to accretion on rent receivable under IFRS 16 for subleases at its clinical and office locations in Canada.

Listing Expense and Transaction Costs
Listing expense and transaction costs was $2.3 million for the three and six months ended June 30, 2020 compared to $nil for the three and six months ended June 30, 2019. Listing expenses and transaction costs relate to the Qualifying Transaction and includes a $1.3 million non-cash item that represents the difference between the purchase price and the net assets acquired.

Net Loss and Total Comprehensive Loss

	Three Months ended June 30		Six Months ended June 30	
	2020	2019	**2020**	2019
	$	$	**$**	$
Net loss before income taxes	**(3,244)**	(653)	**(3,974)**	(1,668)
Income tax expense	**107**	164	**207**	292
Net loss and total comprehensive loss	**(3,351)**	(817)	**(4,181)**	(1,960)

Income Tax Expense

Income tax expense was $0.1 million and $0.2 million for the three and six months ended June 30, 2020 compared to $0.2 million and $0.3 million for the three and six months ended June 30, 2019. The Company's income tax expense related to income generated from one of its wholly owned subsidiaries. The Company has available tax losses within its consolidated operations and is assessing its tax structure.

Net Loss and Total Comprehensive Loss

Net loss and total comprehensive loss was $3.4 million and $4.2 million for the three and six months ended June 30, 2020 compared to $0.8 million and $2.0 million for the three and six months ended June 30, 2019. The higher net loss is related to the impact of COVID-19, listing expense related to the Qualifying Transaction, and was offset partially by fair value adjustments.

Segments

IFRS 8 requires operating segments to be determined based on internal reports that are regularly reviewed by the chief operating decision maker 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 June 30		Six Months ended June 30	
	2020	2019	**2020**	2019
	$	$	**$**	$
Net loss and total comprehensive loss	**(3,351)**	(817)	**(4,181)**	(1,960)
Items not involving current cash flows	**2,903**	1,063	**4,129**	2,354
Cash provided by (used in) operations	**(448)**	246	**(52)**	394
Net change in non-cash working capital	**741**	(773)	**1,222**	(1,727)
Cash provided by (used in) operating activities	**293**	(527)	**1,170**	(1,333)
Cash provided by (used in) investing activities	**2,777**	(2)	**2,758**	(241)
Cash provided by (used in) financing activities	**(258)**	(555)	**(1,522)**	1,120
Net change in cash during the period	**2,812**	(1,084)	**2,406**	(454)
Cash, beginning of period	**477**	2,052	**883**	1,422
Cash, end of period	**3,289**	968	**3,289**	968

Cash

Cash was $3.3 million as at June 30, 2020 compared to $0.9 million as at December 31, 2019 and $1.0 million as at June 30, 2019.

Operating Activities

Cash provided by operating activities was $0.3 million and $1.2 million for the three and six months ended June 30, 2020 compared to cash used in operating activities of $0.5 million and $1.3 million for the three and six months ended June 30, 2019.

The $0.8 million improvement in cash used in operating activities for the three months ended June 30, 2020 compared to the three months ended June 30, 2019 related to a working capital recovery of $0.7 million, due to an increase in accounts payable compared to a $0.8 million working capital investment in the comparative three-month period.

The $2.5 million improvement in cash used in operating activities for the six months ended June 30, 2020 compared to the six months ended June 30, 2019 related to a working capital recovery of $1.2 million due to an increase in accounts payable and income tax liabilities, partially offset by the collection of accounts receivable compared to a $1.7 million working capital investment in the comparative six-month period.

Investing Activities
Cash provided by investing activities was $2.8 million for the three months ended June 30, 2020 compared to cash used in investing activities of $2 for the three months ended June 30, 2019. Cash provided by investing activities related to cash received by the Company of $2.8 million upon completion of the Qualifying Transaction, offset by $7 related to the acquisition of equipment for medical clinics.

Cash provided by investing activities was $2.8 million for the six months ended June 30, 2020 compared to cash used in investing activities of $0.2 million for the six months ended June 30, 2019. Cash provided by investing activities for the six months ended June 30, 2020 related to cash received by the Company of $2.8 million upon completion of the Qualifying Transaction, offset by $26 related to the acquisition of equipment for medical clinics. Cash used in investing activities for the six months ended June 30, 2019 was related to the acquisition of CompreMed and the acquisition of equipment for medical clinics.

Financing Activities
Cash used in financing activities was $0.3 million for the three months ended June 30, 2020 compared to $0.6 million for the three months ended June 30, 2019. Cash used in financing activities for the three months ended June 30, 2020 was related to $0.4 million in lease obligation payments, partially offset by advances of long-term debt. Cash used in financing activities of $0.6 million for the three months ended June 30, 2019 was related to $0.4 million in lease obligation payments and $0.3 million in scheduled debt payments.

Cash used in financing activities was $1.5 million for the six months ended June 30, 2020 compared to cash provided by financing activities of $1.1 million for the six months ended June 30, 2019. Cash used in financing activities for the six months ended June 30, 2020 was related to $0.8 million in lease obligation payments, a $0.6 million payment for the InMedic acquisition that was deferred for two years as part of the acquisition consideration and $0.2 million in scheduled debt payments, partially offset by $0.1 million in advances of long-term debt. Cash provided by financing activities of $1.1 million for the six months ended June 30, 2019 was related to $2.2 million from the issuance of common shares, partially offset by $0.8 million in lease obligation payments and $0.5 million in scheduled debt payments.

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 fund operations and working capital needs as currently planned for the next 12 months. However, unexpected increases in costs and expenses due to operational decisions made by the Company and/or factors beyond the Company's control, such as COVID-19, could cause a material impact on working capital resources and the profitability of the Company.

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

Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Measurement
At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets or financial liabilities carried at FVTPL are expensed in profit or loss.

Measurement in subsequent periods depends on the classification of the financial instrument. The Company classifies its financial instruments depending on the purpose for which the instruments were acquired and their characteristics.

The Company has classified its financial instruments as follows:

Financial instrument	**Classification**	**Measurement**	**Fair Value Hierarchy**
Assets			
Cash	Amortized cost	Amortized cost	N/A
Accounts receivable	Amortized cost	Amortized cost	N/A
Liabilities			
Accounts payable and accrued liabilities	Amortized cost	Amortized cost	N/A
Provisions	Amortized cost	Amortized cost	N/A
Derivative financial liabilities	FVTPL	Fair value	Level 3
Conversion feature on preferred shares	Amortized cost	Amortized cost	N/A
Preferred shares liability	Amortized cost	Amortized cost	N/A
Due to related parties	Amortized cost	Amortized cost	N/A
Long-term debt	Amortized cost	Amortized cost	N/A
Convertible debt	Amortized cost	Amortized cost	N/A

Fair values
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 and liabilities between Level 1, Level 2 and Level 3 of the fair value hierarchy during the three and six months ended June 30, 2020 and 2019.

Derivative financial liabilities and conversion feature on preferred shares are classified as Level 3 fair value financial instruments on the fair value hierarchy.

	Derivative Financial Liabilities	Conversion Feature on Preferred Shares	Total Level 3 Financial Instruments
	$	$	$
Balance, December 31, 2019	1,175	236	1,411
Fair value adjustments	306	61	367
Balance, March 31, 2020	1,481	297	1,778
Fair value adjustments	201	41	242
Conversion on Liquidity Event	(1,682)	(338)	(2,020)
Balance, June 30, 2020	**-**	**-**	**-**

FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The board of directors of the Company mitigates these risks by assessing, monitoring and approving the Company's risk management process:

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 accounts receivable. The Company's objective with regard 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 accounts receivable.

The Company's cash is held with three financial institutions in various bank accounts. These financial institutions are major banks in Canada, which the Company believes lessens the degree of credit risk.

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

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. The Company anticipates that its current cash of $3.3 million as at June 30, 2020, together with the cash flows generated from operations, will be sufficient to execute its current business plan for the next 12 months.

As at June 30, 2020, the Company's financial liabilities had contractual maturities as summarized below:

		Current	Non-current		
	Total $	Within 12 Months $	1 to 2 Years $	2 to 5 Years $	> 5 years $
Accounts payable and accrued liabilities	6,198	6,198	-	-	-
Provisions	637	637	-	-	-
Due to related parties	3,674	-	3,674	-	-
Long-term debt	4,804	3,591	232	981	-
	15,313	**10,426**	**3,906**	**981**	**-**

The Company's ability to satisfy its 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.

The Company has long-term debt with RBC that was acquired in February 2018 and matures in February 2023. The loan is structured in twelve-month terms with the current term ending in February 2021 unless it is renewed for a successive one-year period. The Company makes regular payments of $0.1 million per month and is in good standing with the terms of the loan.

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 one of the Company's loan facilities included in long-term debt includes 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. The Company's loans and borrowings and lease obligations are at fixed interest rates.

Litigation

From time to time, during the ordinary course of business, the Company may be threatened with, or may be named as, a defendant in various legal proceedings including lawsuits. Such proceedings may include, but are not limited to product liability, personal injury, breach of contract, and lost profits or other consequential damage claims.

Off-Balance Sheet Arrangements

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

Related Party Transactions

Loans from Related Parties
The following related party balances are outstanding as at:

	June 30, 2020	December 31, 2019
	$	$
Due to Bloom Burton & Co. Inc.	**3,631**	3,577
Due to Bloom Burton Development Corp.	**43**	43
Promissory note	**-**	606
	3,674	4,226

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, 2021.

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, 2021.

On February 26, 2018, as part of the acquisition of Renaissance Asset Management (London) Inc., a promissory note in the amount of $650 was issued to the vendors as part of the purchase consideration. The promissory note bore interest at 4% per annum and had a maturity date of February 26, 2020. A partial repayment was made against the promissory note during the year ended December 31, 2019 in the amount of $80. During the three months ended March 31, 2020, the remaining balance of the promissory note was paid in full.

Outstanding Share Data

As of the date hereof, the Company has (i) 28,503,466 common shares (ii) 21,436,253 common share purchase warrants (with strike prices ranging from $0.001 to $2.00 per common share), and (iii) 1,461,950 stock options (of which 477,585 have vested), issued and outstanding.

During the quarter, in connection with the Qualifying Transaction, the Company issued (on a post-Consolidation basis): (i) 24,633,946 common shares, (ii) 21,136,253 common share purchase warrants, and (iii) 1,075,000 stock options.

Prior Securities of 257
Prior to the completion of the Qualifying Transaction, 257 had 835,000 preferred shares issued and outstanding. Pursuant to the Qualifying Transaction, such preferred shares and all accrued and unpaid dividends thereon were converted into common shares of 257 pursuant to the terms thereof and subsequently exchanged for common shares of the Company. 1,351,796 common shares of the Company (on a post-Consolidation basis) were issued to prior holders of preferred shares of 257 in connection with the Qualifying Transaction.

Prior to the completion of the Qualifying Transaction, 257 had $4,165 of convertible debentures outstanding. Pursuant to the Qualifying Transaction, the principal sum and all accrued and unpaid interest outstanding of the convertible debentures was converted into common shares of 257 pursuant to the terms thereof and subsequently exchanged for common shares of the Company. 6,724,691 common shares of the Company (on a post-Consolidation basis) were issued to prior holders of convertible debentures of 257 in connection with the Qualifying Transaction.

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 the need to make 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 significant accounting policies are disclosed in Note 3, *Basis of Presentation* of the Company's Condensed Consolidated Interim Financial Statements for the three and six months ended June 30, 2020.

The Company adopted certain new standards, interpretations, amendments and improvements to existing standards that were issued by the IASB or IFRS Interpretations Committee and are mandatory for fiscal periods beginning on or after January 1, 2020, which did not have a significant impact on the Company's Condensed Consolidated Interim Financial Statements for the three and six months ended June 30, 2020.

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 has a risk management program that plans, identifies, evaluates, prioritizes and monitors risk across the organization and supports decision-making. This program identifies critical strategic risk to its people, the environment, its assets, regulatory environment and reputation, and systematically mitigates these risks to an acceptable level. In addition, we continuously monitor our risk profile as well as industry best practices.

The Company attempts to mitigate its financial, operational and strategic risks to an acceptable level through a variety of policies, systems and processes. For a comprehensive discussion of the risks and uncertainties that could have an effect on the business and operations of the Company, investors are urged to review the Company's filing statement dated May 29, 2020, a copy of which are available on SEDAR at www.sedar.com.

In addition, COVID-19 has had and could continue to have a negative impact on the Company's financial condition, results of operations, and cash flows (See *Impact of the COVID-19 Pandemic*). The impact of COVID-19 continues to evolve and the risk of a resurgence remains high and could result in continued or further negative impact on the Company's business and operations. While certain procedures imposed by governments have been relaxed and global economic conditions have improved throughout the quarter, the uncertainty regarding the extent and duration of COVID-19 remains unknown and presents ongoing uncertainty regarding its overall impact on the Company.