Management’s Discussion and Analysis

March 25, 2021 / 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 Consolidated Financial Statements and the notes thereto for the year ended December 31, 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, unit and warrant 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 and in the section entitled “Risk Factors” in the Company’s annual information form for the year ended December 31, 2020 dated March 25, 2021 (“AIF”). Although NeuPath has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this MD&A and, other than as required by law, NeuPath 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.

This MD&A also includes market data and forecasts with respect to the chronic pain, sports medicine, concussion, and workplace health services markets. Although the Company is responsible for all of the disclosure contained in this MD&A, in some cases the Company relies on and refers to market data and certain industry forecasts that were obtained from third party surveys, market research, consultant surveys, publicly available information and industry publications and surveys that it believes to be reliable. Unless otherwise indicated, all market and industry data and other statistical information and forecasts contained in this MD&A are based on independent industry publications, reports by market research firms or other published independent sources and other externally obtained data that the Company believes to be reliable. Any such market data, information or forecast may prove to be inaccurate because of the method by which it was obtained or because it cannot always be verified with complete certainty given the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties, including those discussed in the AIF under the heading "Risk Factors". As a result, although the Company believes that these sources are reliable, it has not independently verified the information.

Non-IFRS Financial Measures

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. These measures should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS.

Adjusted EBITDA

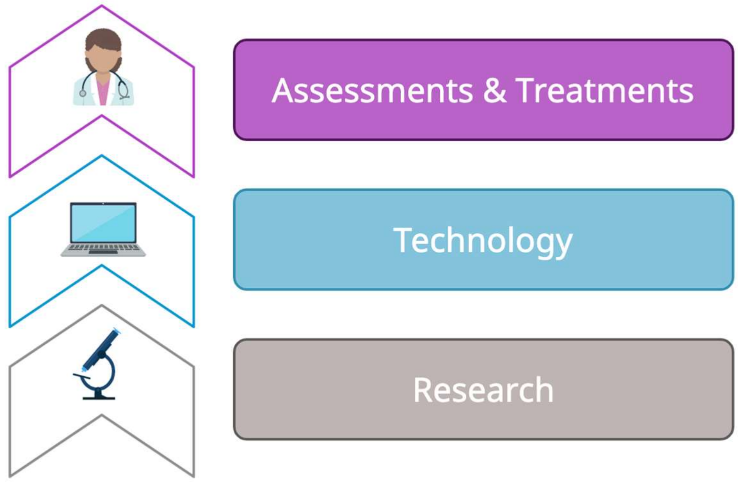
EBITDA refers to net income (loss) determined in accordance with IFRS, before depreciation and amortization, net interest expense (income) and income tax expense (recovery). The Company defines adjusted EBITDA as EBITDA, plus stock-based compensation expense, restructuring, fair value adjustments, listing 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):

	Year ended December 31, 2020	Year ended December 31, 2019
	$	$
Net loss and comprehensive loss	**(5,058)**	(5,310)
Add back:		
Depreciation and amortization	**2,529**	2,485
Net interest expense	**1,468**	1,937
Income tax expense (recovery)	**198**	(85)
EBITDA	**(863)**	(973)
Add back:		
Stock-based compensation	**221**	74
Restructuring	**-**	550
Fair value adjustments	**405**	738
Listing expense and transaction costs	**2,258**	-
Impairment	**-**	1,564
Finance income	**(46)**	(55)
Adjusted EBITDA	**1,975**	1,898

Overview

NeuPath is 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. The Company endeavors 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.



Research
Through a wholly owned subsidiary, NeuPath provides contract research services to pharmaceutical companies. More importantly, these clinical research capabilities allow the Company to evaluate the efficacy of new and existing services and treatments. In addition, the Company utilizes its research capabilities to fill research gaps in traditionally underfunded areas, like chronic pain. NeuPath has completed data collection and is now working to publish the findings from a 550-patient study focused on chronic pain and the impact of NeuPath's treatments on patients' lives.

Technology
NeuPath utilizes technology to enhance in-person care or to make care more accessible or more convenient for patients. During the pandemic, the Company enhanced its virtual care capabilities by converting approximately 9% of total patient visits to virtual visits. Virtual care is becoming increasingly important for patients. According to a recent study by Environics Research, 82% of Canadians believe their employer should provide access to virtual health care. In addition, NeuPath is currently working to develop a remote chronic pain management app that will allow patients to access education and tools that will help them better self-manage chronic pain. The Company's remote pain management app will utilize a more holistic, patient-centred approach to chronic pain management by including education and tools around sleep, exercise, diet, and behaviour modification, in addition to traditional pharmacotherapy approaches for managing chronic pain. The app will allow for improved data collection and will facilitate improved communication between health care providers and patients. A recent study by University Health Network found that "digital solutions, including remote monitoring, can help chronic pain sufferers manage their pain".

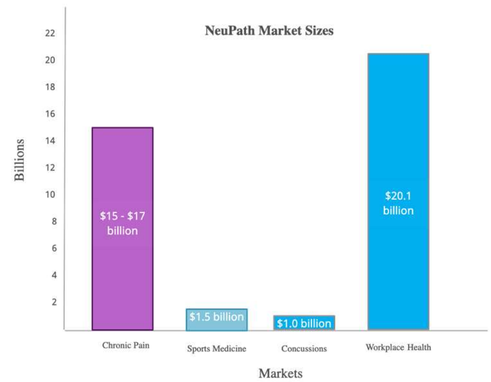
Assessments & Treatments
NeuPath operates an interdisciplinary network of medical clinics in Ontario and Alberta and an independent medical assessment business with a national network of health care providers. The Company's medical clinics provide comprehensive assessments and rehabilitation services to clients with chronic pain, musculoskeletal/back injuries, sports related injuries and concussions. NeuPath'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.

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.

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

Markets

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



Chronic Pain

According to the Global Burden of Disease Study, chronic pain is the 4th most burdensome disease or condition[(1)]. Not surprisingly, chronic pain is also prevalent, impacting approximately 1 in 5 adults worldwide[(2)]. Despite chronic pain's prevalence and impact, it has only recently started to attract increased attention. In May 2019, the World Health Organization added chronic pain to its International Classification of Diseases for the first time. The International Classification of Diseases is used worldwide as a diagnostic tool to classify causes of injury or death and the addition of chronic pain will allow for better tracking of the impact and prevalence of chronic pain. In addition, the Canadian federal government formed the Canadian Pain Task Force in March 2019 to assess how chronic pain is currently managed and make recommendations for improvement. Both of these initiatives should result in increased attention on chronic pain.

In terms of cost, a recent study found that chronic pain cost between $38-$40 billion in Canada in 2019, of which $15-$17 billion represents direct health care costs[(3)].

Sports Medicine

According to a 2015 report by Parachute, injuries in sports and physical activity cost the Canadian health care system nearly $1.5 billion annually.

Concussions

Concussions or traumatic brain injuries ("TBIs") have gained prominence recently mainly due to research and improved understanding around chronic traumatic encephalopathy ("CTE") and its connection to head trauma. *The Cost of Injury in Canada* study, released in 2015, estimated the cost of head injuries in sports and recreation at $1 billion per year in Canada.

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(1) Kassebaum NJ, Smith AGC, Bernabé E, Fleming TD, Reynolds AE, Vos T, Murray CJL, Marcenes W; GBD 2015 Oral Health Collaborators. Global, Regional, and National Prevalence, Incidence, and Disability-Adjusted Life Years for Oral Conditions for 195 Countries, 1990-2015: A Systematic Analysis for the Global Burden of Diseases, Injuries, and Risk Factors. J Dent Res. 2017 Apr;96(4):380-387. doi: 10.1177/0022034517693566. PMID: 28792274; PMCID: PMC5912207.

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

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

Workplace Health Services
Spending on employee benefit group life and health plans in Canada was estimated to be $46.1 billion in 2019, with $21.9 billion spent on medical benefits. A significant portion of this cost is allocated to traditional benefits like medical, dental, and life/AD&D. A recent study by Deloitte found that employers are increasingly aware that conditions like mental illness are costly for employers. As a result, some employers are investing in workplace mental health initiatives and, more importantly, are generating a positive return on investment.

According to a recent report by the Conference Board of Canada, health care costs in Canada are expected to increase substantially over the next decade due to an aging population, combined with population growth and the impact of the COVID-19 pandemic. Without substantial increases in public funding, Canadians could experience a reduction in access to care and employers could see a corresponding increase in lost productivity. Based on early experiences with workplace mental health initiatives, in an effort to reduce the costs associated with lost productivity, employers might look to implement other workplace health initiatives.

Highlights and Key Business Developments

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

- On February 8, 2021, the Company closed the acquisition of HealthPointe Medical Centres ("HealthPointe") in Edmonton, Alberta. The Company paid cash consideration of $3.2 million on closing. The transaction includes additional cash consideration of up to $1.5 million, based on the achievement of certain financial results over a two-year measurement period and the assumption of approximately $2.0 million of term debt. For the year ended December 31, 2020, HealthPointe generated revenue of approximately $9.0 million with an Adjusted EBITDA margin of approximately 6% (See *Significant Transactions - HealthPointe Acquisition*);

- On November 13, 2020, the Company closed a short-form prospectus offering, on a bought deal basis, including the full exercise of the underwriters' overallotment option. The Company issued a total of 13,340,000 units at the price of $0.90 per unit for aggregate gross proceeds of approximately $12.0 million (See *Significant Transactions - Bought Deal Financing*); and

- On October 5, 2020, the Company announced an initiative to expand its digital health capabilities to develop a proprietary digital health solution designed to provide chronic pain patients with multi-modal care and the tools they need to live a complete and fulfilled life (See *Overview – Technology*).

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 during the end of the first quarter and into the second quarter of 2020. During this period, 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 patient 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 since the start of COVID-19, we successfully converted approximately 9% 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 response to the negative economic impact of COVID-19, various government programs were 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 year ended December 31, 2020, the Company recognized payroll subsidies of $0.8 million under CEWS. In addition, the Company deferred $0.5 million in debt repayments representing monthly principal payments of $0.1 million on its RBC debt facilities from March to July.

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.

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.

Significant Transactions

HealthPointe Acquisition
On February 8, 2021, the Company closed the acquisition of HealthPointe. HealthPointe operates a 20,000 square foot facility in Edmonton, Alberta offering physician-based care services for a wide range of injuries and issues, including chronic pain management, spinal injuries, sport medicine, and concussions. Patients receive interdisciplinary care from HealthPointe's roster of Physiatrists, Neurologists, Medication Management Physicians, Athletic Therapists, and Nurses. In addition to the medical clinic, HealthPointe also holds a minority equity interest in two physiotherapy and sport medicine clinics in Alberta.

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

Bought Deal Financing
On November 13, 2020, the Company closed a short-form prospectus offering, on a bought deal basis, including the full exercise of the underwriters' overallotment option. The Company issued a total of 13,340,000 units at the price of $0.90 per unit for aggregate gross proceeds of approximately $12.0 million. Each unit comprised of one common share and one-half of one common share purchase warrant of the Company. Each whole warrant is exercisable into one common share of the Company at an exercise price of $1.25 until November 13, 2022. The Company has the right to accelerate the expiry date of the warrants, upon no less than 15 trading days' notice to the holders of warrants and issuing a news release announcing the acceleration, if the volume weighted average trading price of the common shares for any twenty consecutive trading days on the Exchange exceeds $1.75 per share. In connection with the bought deal, the underwriters were paid cash commissions of $0.7 million and issued 800,400 broker warrants of the Company. Each broker warrant is exercisable to acquire one common share of the Company at the exercise price of $0.90 per common share until November 13, 2022. The Company incurred additional share issuance costs amounting to approximately $0.7 million in connection to the financing.

Qualifying Transaction
On June 25, 2020, the Company closed 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 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".

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 was 54% in 2020 compared to 56% in 2019. Capacity was negatively impacted in 2020 by COVID-19 and the temporary closure of a medical clinic due to a flood in the third quarter.

- *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.

Selected Annual Financial Information

	Year ended December 31, 2020	Year ended December 31, 2019	Year ended December 31, 2018
	$	$	$
Operations			
Clinic revenue	**44,921**	46,594	37,469
Non-clinic revenue	**2,718**	3,044	2,695
Total Revenue	**47,639**	49,638	40,164
Total operating expenses	**49,927**	52,786	43,681
Loss from operations	**(2,288)**	(3,148)	(3,517)
Other expenses	**2,572**	2,247	1,728
Loss before income taxes	**(4,860)**	(5,395)	(5,245)
Income tax expense (recovery)	**198**	(85)	74
Net loss and comprehensive loss	**(5,058)**	(5,310)	(5,319)
Adjusted EBITDA[1]	**1,975**	1,898	35
Net loss per common share			
- basic and diluted	**(0.21)**	(0.34)	(0.45)
Weighted average number of common shares outstanding (in thousands)			
- basic and diluted	**24,498**	15,643	11,855
Financial Position *(As at December 31)*	**$**	$	$
Cash	**10,850**	883	1,422
Total assets	**46,120**	37,990	33,766
Total non-current liabilities	**8,516**	10,181	5,287
Total liabilities	**18,496**	28,219	21,391
Total equity	**27,624**	9,771	12,375

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

Results of Operations

Medical Services

	Year ended December 31, 2020	Year ended December 31, 2019
	$	$
Clinic revenue	**44,921**	46,594
Non-clinic revenue	**2,718**	3,044
Total revenue	**47,639**	49,638

Total revenue is comprised of clinic revenue and non-clinic revenue. Total revenue was $47.6 million for the year ended December 31, 2020 compared to $49.6 million ended December 31, 2019.

Clinic revenue
Clinic revenue is based on medical services provided through the Company's operating subsidiaries, which operate under the following leading brands: (i) InMedic Creative Medicine, (ii) CPM - Centres for Pain Management, and (iii) CompreMed. Clinic revenue was $44.9 million for the year ended December 31, 2020 compared to $46.6 million for the year ended December 31, 2019. The decrease in clinic 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 54% for the year ended December 31, 2020 compared to 56% in the year ended December 31, 2019. In 2020, the decrease was partially offset by the Kaplan board of arbitration award of $1.9 million that increased physician billing fees on services performed in prior years.

Non-clinic revenue
Non-clinic revenue was $2.7 million for the year ended December 31, 2020 compared to $3.0 million for the year ended December 31, 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 93% of the Company's total revenue for the year ended December 31, 2020 [December 31, 2019 - 92%]. The Company's credit risk is low as its major customer is a government organization.

Operating Expenses

	Year ended December 31, 2020	Year ended December 31, 2019
	$	$
Cost of medical services	**37,920**	39,681
General and administrative	**6,731**	6,770
Occupancy costs	**1,309**	1,397
Depreciation and amortization	**2,499**	2,451
Interest cost	**1,468**	1,937
Restructuring	**-**	550
Total operating expenses	**49,927**	52,786

Total operating expenses were $49.9 million for the year ended December 31, 2020 compared to $52.8 million for the year ended December 31, 2019.

Cost of Medical Services
Cost of medical services was $37.9 million for the year ended December 31, 2020 compared to $39.7 million for the year ended December 31, 2019. Cost of medical services decreased due to a reduction in medical services revenue. In addition, 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. These additional staffing costs were partially offset by the receipt of CEWS payroll subsidies during the year of $0.5 million, which have been included as an offset to payroll expense. Cost of medical services represented 79.6% of total revenues for the year ended December 31, 2020. Excluding the impact of CEWS, the cost of medical services represented 80.5% of total revenues compared to 79.9% for the year ended December 31, 2019.

General and Administrative
General and administrative ("G&A") expenses decreased to $6.7 million for the year ended December 31, 2020 compared to $6.8 million for the year ended December 31, 2019. In 2020, the Company recognized CEWS payroll subsidies of $0.3 million, which was an offset to payroll expenses. Excluding the impact of CEWS, G&A increased to $7.0 million due to additional public company costs incurred since the Qualifying Transaction in June 2020.

Occupancy Costs
Occupancy costs were $1.3 million for the year ended December 31, 2020 compared to $1.4 million for the year ended December 31, 2019. Occupancy costs represent the costs related to leased and owned facilities. As at December 31, 2020, the Company leased eleven facilities and owned one facility.

Depreciation and Amortization
Depreciation and amortization expenses were $2.5 million for the year ended December 31, 2020, unchanged from the year ended December 31, 2019.

Interest Cost
Interest costs were $1.5 million for the year ended December 31, 2020 compared to $1.9 million for the year ended December 31, 2019. Interest costs relate to the outstanding debt and interest charges due to accretion of interest related to leases. The decrease is due to the conversion of preferred shares and convertible debentures to common shares in June 2020 pursuant to the completion of the Qualifying Transaction (See *Significant Transactions - Qualifying Transaction*).

Restructuring
Restructuring expenses were $nil for the year ended December 31, 2020 compared to $0.6 million for the year ended December 31, 2019. Restructuring expenses related to severance costs.

Loss from Operations
Loss from operations was $2.3 million for the year ended December 31, 2020 compared to $3.1 million for the year ended December 31, 2019. The decrease in loss from operations in the current year was related to the benefit of CEWS, partially offset by the impact of COVID-19 on revenue and cost of medical services in 2020.

Other Expenses (Income)

	Year ended December 31, 2020	Year ended December 31, 2019
	$	$
Fair value adjustments	**405**	738
Finance income	**(46)**	(55)
Impairment	**-**	1,564
Listing expense and transaction costs	**2,258**	-
Other income	**(45)**	-
Total other expenses	**2,572**	2,247

Fair Value Adjustments
The Company recognized expenses of $0.4 million for the year ended December 31, 2020 related to fair value adjustments on the preferred shares and convertible debentures compared to expenses of $0.7 million for the year ended December 31, 2019. The Company no longer has preferred shares or convertible debentures. These instruments were converted to common shares as part of the Qualifying Transaction.

Finance Income
Finance income was $46 for the year ended December 31, 2020 compared to $55 for the year ended December 31, 2019. Finance income relates to accretion on rent receivables related to subleases at its clinical and office locations in Canada.

Impairment
The Company recognized impairment expenses of $nil for the year ended December 31, 2020 compared to $1.6 million for the year ended December 31, 2019. The Company performed its annual impairment test as at December 31, 2020 to assess the recoverable amount of the group of cash generating units ("CGUs") and no impairment was required to be recorded. In the comparative year, the Company performed its annual impairment test as at December 31, 2019 to assess the recoverable amount of the group of CGUs and determined that the present value of the cash flows of the CGU relating to the acquisition of Viable

Healthworks Canada Corp. was less than the carrying value and the difference represented an impairment to goodwill.

Listing Expense and Transaction Costs
Listing expense and transaction costs was $2.3 million for the year ended December 31, 2020 compared to $nil for the year ended December 31, 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.

Other Income
Other income was $45 for the year ended December 31, 2020 compared to $nil for the year ended December 31, 2019. Other income related to an insurance settlement resulting from the temporary closure of a medical clinic due to a flood that occurred in the third quarter of 2020.

Net Loss and Comprehensive Loss

	Year ended December 31, 2020	Year ended December 31, 2019
	$	$
Net loss before income taxes	**(4,860)**	(5,395)
Income tax expense (recovery)	**198**	(85)
Net loss and comprehensive loss	**(5,058)**	(5,310)

Income Tax Expense
Income tax expense was $0.2 million for the year ended December 31, 2020 compared to a $0.1 million recovery for the year ended December 31, 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 currently assessing its tax structure.

Net Loss and Comprehensive Loss
Net loss and comprehensive loss was $5.1 million for the year ended December 31, 2020 compared to $5.3 million for the year ended December 31, 2019. The improvement in net loss during the year ended December 31, 2020 was related to the Kaplan board of arbitration award, partially offset by the impact of COVID-19 and listing expense and transaction costs related to the Qualifying Transaction.

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

	Year ended December 31, 2020	Year ended December 31, 2019
	$	$
Net loss and comprehensive loss	**(5,058)**	(5,310)
Items not involving current cash flows	**5,668**	5,808
Cash provided by operations	**610**	498
Net change in non-cash working capital	**(1,256)**	(1,484)
Cash used in operating activities	**(646)**	(986)
Cash provided by (used in) investing activities	**2,683**	(272)
Cash provided by financing activities	**7,930**	719
Net change in cash during the year	**9,967**	(539)
Cash, beginning of year	**883**	1,422
Cash, end of year	**10,850**	883

Cash
As at December 31, 2020, cash was $10.9 million compared to $0.9 million as at December 31, 2019.

Operating Activities
Cash used in operating activities was $0.6 million for the year ended December 31, 2020 compared $1.0 million for the year ended December 31, 2019. The $0.4 million improvement in cash used in operating activities for the year ended December 31, 2020 was related to a $0.1 million improvement in cash provided by operations and a $0.2 million improvement in the recovery of non-cash working capital. In 2020, the Company paid $1.2 million of legacy accounts payable related to professional fees and provisions from the Company's restructuring process in 2019.

Investing Activities
Cash provided by investing activities was $2.7 million for the year ended December 31, 2020 compared to cash used in investing activities of $0.3 million for the year ended December 31, 2019. Cash provided by investing activities for the year ended December 31, 2020 related to cash received by the Company of $2.8 million upon completion of the Qualifying Transaction, slightly offset by $38 related to the acquisition of equipment for medical clinics and $63 related to the development of software assets (See *Overview - Technology*). Cash used in investing activities for the year ended December 31, 2019 was related to the acquisition of CompreMed and the acquisition of equipment for medical clinics.

Financing Activities
Cash provided by financing activities was $7.9 million for the year ended December 31, 2020 compared to $0.7 million for the year ended December 31, 2019. Cash provided by financing activities for the year ended December 31, 2020 was related to $10.6 million in net proceeds from the issuance of common shares, partially offset by $1.6 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 $0.7 million in scheduled debt payments, partially offset by $0.1 million in advances of long-term debt. Cash provided by financing activities in the comparative year related to $2.6 million from the issuance of common shares and $0.9 million in advances from related parties, partially offset by $1.3 million in scheduled debt payments and $1.6 million in lease obligation 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, the net proceeds from financing and the revenue it expects to generate from its continuing operations will be sufficient to satisfy its current debt obligations and working capital needs for the next 12 months. The Company's ability to satisfy its non-current debt obligations will depend principally upon its future operating performance.

Capital Structure
The Company's strategy includes organic growth through improved capacity utilization, 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.

The Company expects to continue to be able to meet all obligations as they become due using some or all of the following sources of liquidity: cash flow generated from operations, existing cash on hand, and additional borrowing capacity under its senior secured term loan facility. In addition, subject to market conditions, the Company may raise additional funding through equity financing. The Company believes that its capital structure will provide it with financial flexibility to pursue future growth strategies. However, the Company's ability to fund operating expenses and debt service requirements will depend on, among other things, future operating performance, which will be affected by general economic, industry, financial, and other factors, including the impact of COVID-19 and other factors beyond the Company's control (See *Risk Factors)*.

Selected Quarterly Information

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

	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
	$	$	$	$	$	$	$	$
Clinic revenue	**12,243**	11,434	10,452	10,792	12,234	11,967	12,150	10,243
Non-clinic revenue	**567**	571	770	810	809	702	855	678
Total operating expenses	**13,652**	12,116	11,978	12,181	14,374	13,098	13,641	11,673
Other expenses (income)	**(56)**	(11)	2,488	151	1,888	79	17	263
Net loss and comprehensive loss	**(587)**	(290)	(3,351)	(830)	(2,761)	(589)	(817)	(1,143)
Adjusted EBITDA[1]	**116**	735	600	524	464	660	421	353
Net loss per common share								
- basic and diluted	**(0.02)**	(0.01)	(0.19)	(0.05)	(0.17)	(0.04)	(0.05)	(0.08)

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

Fourth Quarter Results

Operating Results

	Three months ended December 31, 2020	Three months ended December 31, 2019
	$	$
Clinic revenue	**12,243**	12,234
Non-clinic revenue	**567**	809
Total revenue	**12,810**	13,043
Cost of medical services	**10,292**	10,340
General and administrative expenses	**2,251**	2,002
Occupancy costs	**298**	359
Depreciation and amortization	**632**	580
Interest cost	**179**	543
Restructuring	**-**	550
Total operating expenses	**13,652**	14,374
Other expenses (income)	**(56)**	1,888
Income tax recovery	**(199)**	(458)
Net loss and comprehensive loss	**(587)**	(2,761)

Total Revenue

Total revenue is comprised of clinic revenue and non-clinic revenue. Total revenue was $12.8 million for the three months ended December 31, 2020 compared to $13.0 million for the three months ended December 31, 2019.

Clinic revenue

Clinic revenue remained unchanged at $12.2 million for the three months ended December 31, 2020 and 2019. Clinic revenue is based on medical services provided by InMedic, CPM, and CompreMed. Clinic revenue was negatively impacted in the quarter by COVID-19.

Non-clinic revenue

Non-clinic revenue was $0.6 million for the three months ended December 31, 2020 compared to $0.8 million for the three months ended December 31, 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.

Total Operating Expenses
Total operating expenses were $13.7 million for the three months ended December 31, 2020 compared to $14.4 million for the three months ended December 31, 2019.

Cost of Medical Services
Cost of medical services remained unchanged at $10.3 million for the three months ended December 31, 2020 and 2019. Cost of medical services represented 80.3% of total revenues for the three months ended December 31, 2020. Excluding the impact of CEWS, the cost of medical services represented 80.9% of total revenues compared to 79.3% for the three months ended December 31, 2019. The increase in the cost of medical services as a percentage of revenue was due to COVID-19.

General and Administrative
G&A expenses increased to $2.3 million for the three months ended December 31, 2020 compared to $2.0 million for the three months ended December 31, 2019. The increase in G&A expenses related to additional public company costs incurred since the Qualifying Transaction in June 2020.

Occupancy Costs
Occupancy costs were $0.3 million for the three months ended December 31, 2020 compared to $0.4 million for the three months ended December 31, 2019. Occupancy costs represent the costs related to leased and owned facilities. As at December 31, 2020, the Company leased eleven facilities and owns one facility.

Depreciation and Amortization
Depreciation and amortization expenses were $0.6 million for the three months ended December 31, 2020, unchanged compared to the three months ended December 31, 2019.

Interest Cost
Interest costs were $0.2 million and $0.5 million for the three months ended December 31, 2020 and December 31, 2019, respectively. Interest costs relate to the outstanding debt and interest charges due to the accretion of interest related to leases.

Restructuring
Restructuring expenses were $nil for the three months ended December 31, 2020 compared to $0.6 million for the three months ended December 31, 2019. Restructuring expenses related to severance costs.

Other Expenses (Income)
The Company recognized other income of $56 for the three months ended December 31, 2020 compared to other expense of $1.9 million for the three months ended December 31, 2019. During the three months ended December 31, 2019, the Company recognized a goodwill impairment charge of $1.6 million and fair value adjustment of $0.3 million related to preferred shares and convertible debentures. The Company no longer has preferred shares or convertible debentures. These instruments were converted to common shares as part of the Qualifying Transaction.

Net Loss and Comprehensive Loss
Net loss and comprehensive loss was $0.6 million for the three months ended December 31, 2020 compared to $2.8 million for the three months ended December 31, 2019. The improvement in net loss during the three months ended December 31, 2020 was related to a reduction in total operating expenses and other expenses (income).

Liquidity

	Three months ended December 31, 2020	Three months ended December 31, 2019
	$	$
Net loss and comprehensive loss	**(587)**	(2,761)
Items not involving current cash flows	**813**	2,460
Cash provided by (used in) operations	**226**	(301)
Net change in non-cash working capital	**(1,540)**	894
Cash provided by (used in) operating activities	**(1,314)**	593
Cash used in investing activities	**(64)**	(28)
Cash provided by (used in) financing activities	**9,890**	(161)
Net change in cash during the period	**8,512**	404
Cash, beginning of period	**2,338**	479
Cash, end of period	**10,850**	883

Cash was $10.9 million as at December 31, 2020, an increase of $10.0 million compared to $0.9 million as at December 31, 2019.

Cash used in operating activities was $1.3 million for the three months ended December 31, 2020 compared to cash provided by operating activities of $0.6 million for the three months ended December 31, 2019. The change in cash used in operating activities was related to a $0.5 million improvement in cash provided by operations, offset by a $2.4 million change of investment in non-cash working capital. The $1.5 million investment in working capital in the three months ended December 31, 2020 was primarily related to payments for professional fees incurred as a public company and those related to the Company's Qualifying Transaction.

Cash used in investing activities was $64 for the three months ended December 31, 2020 compared to $28 for the three months ended December 31, 2019. During the three months ended December 31, 2020, the Company's cash used in investing activities related to the development of software for the Company's new technology (See *Overview - Technology*). Cash used in investing activities for the three months ended December 31, 2019 was related to the acquisition of equipment for medical clinics.

Cash provided by financing activities was $9.9 million for the three months ended December 31, 2020 compared to cash used in financing activities of $0.2 million for the three months ended December 31, 2019. Cash provided by financing activities for the three months ended December 31, 2020 was related to $10.6 million in net proceeds from the issuance of common shares, partially offset by $0.4 million in lease obligation payments and $0.3 million in scheduled debt payments. Cash used in financing activities in the three months ended December 31, 2019 related to $0.4 million in lease obligation payments and $0.3 million in scheduled debt payments, partially offset by $0.4 million from the issuance of common shares.

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:

	December 31, 2020	December 31, 2019
	$	$
Financial assets at amortized cost		
Cash	**10,850**	883
Accounts receivable	**7,672**	7,151
Total financial assets	**18,522**	8,034
Financial liabilities at amortized cost		
Accounts payable and accrued liabilities	**5,612**	5,161
Provisions	**150**	892
Due to related parties	**3,674**	4,226
Preferred shares liability	**-**	798
Long-term debt	**4,329**	9,775
	13,765	20,852
Financial liabilities at fair value		
Derivative financial liabilities	**-**	1,175
Conversion feature on preferred shares	**-**	236
	-	1,411
Total financial liabilities	**13,765**	22,263

Except for the financial liabilities carried at fair value, 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 and liabilities between Level 1, Level 2 and Level 3 of the fair value hierarchy during the years ended December 31, 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	507	102	609
Conversion on Liquidity Event	(1,682)	(338)	(2,020)
Balance, December 31, 2020	**-**	**-**	**-**

FINANCIAL RISK MANAGEMENT

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

Credit Risk
The Company, in the normal course of business, is exposed to credit risk from its customers. Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk on its cash and 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 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.

As at December 31, 2020, 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	5,612	5,612	-	-	-
Provisions	150	150	-	-	-
Due to related parties	3,674	-	3,674	-	-
Long-term debt	4,329	3,091	1,238	-	-
Lease obligations	4,672	1,127	2,121	1,114	310
	18,437	**9,980**	**7,033**	**1,114**	**310**

The Company believes that its current working capital and the net proceeds from financing 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 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. Currently, there are no material ongoing proceedings.

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:

	December 31, 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 at December 31, 2020, the Company had (i) 41,843,446 common shares; (ii) 28,859,903 common share purchase warrants (with strike prices ranging from $0.0001 to $2.00 per common share); (iii) 198,175 restricted share units (all unvested); and (iv) 1,921,030 stock options (of which 554,616 have vested), issued and outstanding.

Subsequent to the year ended December 31, 2020, 3,225,000 prepaid warrants with a strike price of $0.0001 were exercised for common shares. In addition, 1,953,750 warrants with a strike price of $1.00 expired. The fully diluted number of common shares outstanding at the date hereof is 70,868,804.

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.

On November 13, 2020, the Company closed a bought deal financing. The Company issued a total of 13,340,000 common shares and 6,670,000 common share purchase warrants of the Company. In connection with the bought deal, the underwriters were issued 800,400 broker warrants (See *Significant Transactions - Bought Deal Financing*).

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 4, *Adoption of New Accounting Standards* and Note 5, *Summary of Significant Accounting Policies* of the Company's Consolidated Financial Statements for the year ended December 31, 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 Consolidated Financial Statements for the year ended December 31, 2020.

Adoption of Accounting Standards
Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRS Interpretations Committee and adopted in the Company's Consolidated Financial Statements as follows:

Amendments to IFRS 3: Definition of a Business
In October 2018, the IASB issued amendments to the definition of a business in IFRS 3, *Business Combinations* ("IFRS 3") to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Company was not affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of Material
In October 2018, the IASB issued amendments to IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of "material" across the standards and to clarify certain aspects of the definition. The new definition states that, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments to the definition of material did not have a significant impact on these Consolidated Financial Statements.

Risk Factors

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

The Company attempts to mitigate its strategic risks to an acceptable level through a variety of policies, systems and processes. A summary of certain significant risks that are reasonably likely to affect the financial performance of the Company is set forth above under the heading entitled "Financial Risk Management" and below as it pertains to the business and industry of the Company. 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 AIF, a copy of which is available under the Company's profile on SEDAR at www.sedar.com.

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

Risk Factors relating to the Company's Business and Industry

Governmental regulation and funding, permits and licenses

Government regulations and funding play a key role in the Canadian healthcare sector. Any alleged failure by the Company to comply with applicable laws and regulations may lead to the imposition of fines and penalties or the denial, revocation or delay in the renewal of permits and licenses issued by governmental authorities. Furthermore, government policy related to healthcare spending can change and decisions can be made regarding funding that are largely beyond the Company's control. Any change in governmental regulation, delisting of services, and licensing requirements relating to healthcare services could adversely affect the Company's financial condition and results of operations. In addition, complying with changes in government regulations could require significant investments or could result in increased costs for the Company. The Company may also be subject to audits, fines, or other penalties in the event of non-compliance with regulations, either existing or proposed. Non-compliance could also adversely affect the reputation, operations or financial performance of the Company.

Geographic concentration

All of the Company's clinics are located in Canada, specifically in the Province of Ontario and the Province of Alberta. As a result, the Company's performance will be particularly sensitive to economic, political and regulatory changes in Canada, generally, and in the Province of Ontario and the Province of Alberta, specifically. Adverse changes in the economic condition, political or regulatory environment in Canada, generally, and in the Province of Ontario and the Province of Alberta, specifically may have a material adverse effect on the Company's business, financial position, results of operations or cash flows.

Reliance on healthcare professionals

Physicians and other healthcare professionals provide essential services to the Company. An interruption, either temporary or permanent, in services provided by physicians and other healthcare professionals to the Company or its patients could have a material adverse effect on the Company's business, financial position, results of operations or cash flows. In addition, the Company's growth initiatives heavily rely on securing the services of additional physicians and other healthcare professionals. There are periodic shortages of certain medical physicians in Canada and this may affect the Company's ability to secure the services of additional physicians and other healthcare practitioners in order to successfully execute the Company's growth initiatives.

As of December 31, 2020, approximately 65 employees are represented by a union covered by a collective bargaining agreement, which is currently being renegotiated. While the Corporation maintains a positive relationship with its respective union, the renegotiations of the collective bargaining agreement could result in work disruption including work stoppages or work slowdowns. Should a work stoppage occur, it could interrupt the Corporation's operations at the impacted clinics which in turn could adversely effect on the Corporation's business, financial position, results of operations or cash flows.

Epidemic or pandemic outbreaks – COVID-19 pandemic

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, have adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn.

The ongoing COVID-19 pandemic has had, and could continue to have, a negative impact on the Company's financial condition, results of operations, and cash flows. As of the date of this MD&A, the COVID-19 pandemic and the measures imposed by the governments in response thereto has increased the cost of personal protective equipment used by healthcare professionals in the Company's clinics; increased the Company's labour costs as a result of complying with COVID-19-related government regulations and public health guidelines; reduced the Company's existing patient appointments visits for those patients in quarantine or who are immunocompromised; reduced new patient consults that supports future revenue and growth; and restricted the Company's ability to offer some programs that are part of patient therapy.

The risk of resurgence of cases or variant strains of COVID-19 remains high and the timing and delay in vaccine rollouts remain uncertain. The extent to which such events impact the Company's business, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted with any degree of confidence. Such events have had and could continue to have an adverse effect on the Company's business, financial condition and results of operations. Even after the COVID-19 pandemic has subsided, the Company may continue to experience materially adverse impacts to its business as a result of the pandemic's global economic impact, and amplify various risks set forth herein.

Information technology

The Company will rely on the continued and uninterrupted performance of its information technology systems in order to transmit and store sensitive and confidential data, including personal health information. Sustained system failures or interruptions could disrupt the Company's ability to operate effectively, which in turn could adversely affect its business, results of operations and financial condition.

The Company's computer systems may be vulnerable to damage from a variety of sources, including physical or cyber-attacks, computer viruses and similar disruptive problems. There can be no assurance that the Company's controls will be adequate to safeguard against unanticipated problems leading to unauthorized access, use, or disclosure of sensitive information, corruption or destruction of data, or operational disruption.

In addition, the jurisdictions in which the Company operates have adopted breach of privacy and data security laws or regulations that require notification to consumers if the security of their personal information is breached, among other requirements. Governmental focus on data security may lead to additional legislative action, and the increased emphasis on information security may lead patients to request that the Company take additional measures to enhance security or restrict the manner in which the Company collects and uses patient information. As a result, the Company may have to modify its business systems and practices with the goal of further improving data security, which would result in increased expenditures and operating complexity.

A compromise of the Company's information technology systems or confidential information, or that of the Company's patients and third parties with whom the Company interacts, may result in negative consequences, including the inability to continue providing services to patients and customers, damage to the Company's reputation, potential liability under privacy, security, consumer protection or other applicable laws, regulatory penalties and additional regulatory scrutiny, any of which could have a material adverse effect on the Company's business, financial position, results of operations or cash flows for which the Company's insurance policies may not provide adequate compensation. In addition, evolving cyber threats may require significant investments by the Company or could result in increased costs for the Company.

Competition

The Company operates in competitive markets that can change rapidly and are highly impacted by the actions of other market participants. Aside from government regulations, licensing requirements, and relationships the Company has built up with healthcare providers, insurance companies, employers, and patients, there is little to prevent the entrance of new competitors providing similar services to those that are provided by the Company and its subsidiaries. There can be no assurance that the Company will be able to compete effectively for referrals from healthcare providers or insurance companies if better capitalized or more experienced competitors enter the Company's markets. In addition, new competitors could make it difficult for the Company to recruit new healthcare providers.

Reliance on key personnel

The Company is highly dependent upon its executive officers and key personnel. The unexpected loss of the services of any of these individuals could have a detrimental effect on the Company. There is no guarantee that the Company will retain members of its management team, and if the Company were to lose a member of its management team unexpectedly, its business, prospects, financial condition and results of operations may be adversely affected.

Confidentiality of personal and health information

Employees of the Company and its subsidiaries, in the course of their duties, will have access to personal health information and, specifically, medical histories of patients or claimants of clients of the Company and its subsidiaries. There can be no assurance that the Company's policies, procedures and systems will be adequate to address privacy legislation or the privacy concerns of existing and future patients or clients. The Company could be liable for damages, fines, penalties, or reputational damage in the event of a privacy breach or if a patient or client's privacy is violated.

The regulatory framework in which the Company operates is constantly evolving

Healthcare laws and regulations are constantly evolving and could change significantly in the future. The Company closely monitors these developments and will modify its operations from time to time as the regulatory environment requires. There can be no assurances, however, that the Company will always be able to adapt its operations to address new law or regulations or that new laws or regulations will not adversely affect the Company's business. In addition, although the Company believes that it is operating materially in compliance with applicable federal and provincial laws and regulations, neither the Company's current or anticipated business operations nor the operations of the Company's contracted physician practices have been the subject of judicial or regulatory interpretation. The Company cannot assure investors that a review of the Company's business by courts or regulatory authorities will not result in a determination that could materially adversely affect the Company's operations or that the healthcare regulatory environment will not change in a way that materially restricts the Company's operations. Furthermore, governments, government agencies and industry self-regulatory bodies in the Canada may, from time to time, adopt statutes, regulations and rulings that directly or indirectly affect the activities of the Company. These regulations could adversely impact on our ability to execute the Company's business strategy and generate revenues as planned.

Internal controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under applicable securities laws, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a significant deficiency, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of the common shares.

Restrictions imposed by the RBC loan facilities

The RBC loan facilities imposes certain significant operating and financial restrictions on the Company. These RBC loan facilities includes various restrictive covenants relating to future acquisitions, indebtedness, operations, investments, capital expenditures and other standard operating business covenants, which significantly limit the ability of certain of the Company's material operating subsidiaries.

These restrictions could limit the Company's ability to capitalize on attractive growth opportunities for its business or otherwise engage in activities that may be in the Company's long-term best interests that are currently unforeseeable, particularly if the Company is unable to secure financing or make investments to take advantage of such opportunities.

The failure of the Company to comply with these covenants could result in an event of default that, if not cured or waived, could result in the acceleration of substantially all amounts outstanding under the RBC loan facilities. The Company may not have sufficient working capital to satisfy such debt obligations in the event of an acceleration of the RBC loan facilities which accounts for a significant portion of the Company's outstanding indebtedness. The RBC loan facilities are secured by all of the assets of the Company.

Risks of future legal proceedings

The Company may, from time to time, be subject to litigation claims in the ordinary course of its business. In particular, the Company can be subject to claims relating to actions of medical personnel performing services at the Company's clinics. Litigation is inherently costly and unpredictable, making it difficult to accurately estimate the outcome, among other matters. Any litigation could result in substantial costs and diversion of resources and could have a material adverse effect on the Company's business, financial conditions and results of operations.

The Company may be subject to additional taxes, which could affect the Company's operating results

The Company and its subsidiaries file all required income tax returns and is of the view that it is in material compliance with all applicable tax laws. However, such tax returns are subject to reassessment by the applicable jurisdictional tax authorities and the Company has been subject to such reassessments from time to time. In the event of a reassessment of the Company's tax returns, such reassessment may have an impact on current and future taxes payable.

Legislative changes may also have an adverse impact on the Company's operations and performance. Changes in tax related laws and regulations, and interpretations thereof, can affect tax burdens by increasing tax rates and fees, creating new taxes, limiting tax deductions, and eliminating tax-based incentives. In addition, jurisdictional tax authorities or courts may interpret tax regulations differently than the Company does, which could result in tax litigation and additional costs and penalties. Such legislative changes may have an adverse impact on the Company's business, financial condition and results from operations.

Risks Related to the Common Shares

The common shares will be subject to various factors that may make the price of the common shares volatile

The market price of the common shares could fluctuate significantly, in which case it may not be possible to re-sell the common shares at or above the price of the common shares today. The market price of the common shares may fluctuate based on a number factors in addition to those set out elsewhere herein, including: (i) the COVID-19 pandemic; (ii) the Company's operating performance and the performance of the competitors and other similar companies; (iii) the public's reaction to the Company's news releases, other public announcements and the Company's filings with the various securities regulatory authorities; (iv) changes in earnings estimates or recommendations by research analysts who track the common shares or the securities of other companies in the industry that the Company operates; (v) changes in the general economic conditions and the overall condition of the financial markets; (vi) the arrival or departure of key personnel; and (vii) acquisition, strategic alliances or joint ventures involving the Company or its competitors.

In addition, the market price of the common shares will be affected by many variables not directly related to the Company's success and not within the Company's control, including developments that affect the healthcare industry as a whole, the breadth of the public market for the common shares, and the attractiveness of alternative investments. In addition, securities markets have experienced an extreme level of price and volume volatility, and the market price of securities of many companies has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. As a result of these and other factors, the price of the common shares may be volatile in the future and may decline below the price of the common shares today. Accordingly, investors may not be able to sell the common shares at or above the price of the common shares today.

Liquidity

The price of the common shares may fluctuate in response to a number of events and factors, including but not limited to: the Company's financial condition, financial performance and future prospects; public announcements and the Company's filings with the various securities regulatory authorities and changes in general market and economic conditions. There can be no assurance that an active and liquid market will be developed for the common shares, and if developed, it may not be sustained, and an investor may find it difficult to resell any securities of the Company.

Any future profits will likely be used for the continued growth of the business and products and will not be used to pay dividends on the issued and outstanding common shares

The Company will not pay dividends on the issued and outstanding common shares in the foreseeable future. If the Company generates any future earnings such cash resources will be retained to finance further growth and current operations. The Board of Directors will determine if and when dividends should be declared and paid in the future based on the Company's financial position and other factors relevant at the particular time. Until the Company pays dividends, which it may never do, a shareholder will not be able to receive a return on his or her investment in the common shares unless such common shares are sold. In such event, a shareholder may only be able to sell his, her or its common shares at a price less than the price such shareholder originally paid for them, which could result in a significant loss of such shareholder's investment.

Significant shareholders

The shareholding levels of certain shareholders of the Company will give such shareholders significant influence on decisions to be made by shareholders, including the ability to influence the election of directors of the Company as well as the approval of future transactions requiring shareholder approval. There is a risk that the interests of the Company's significant shareholders will differ from those of other shareholders.

Sale of the Company's securities by directors, officers and/or significant shareholders

Subject to compliance with applicable securities laws, directors, officers and/or significant shareholders may sell some or all of their common shares in the future. No prediction can be made as to the effect, if any, such future sales of common shares by directors, officers and/or significant shareholders will have on the market price of the common shares prevailing from time to time. However, the future sale of a substantial number of common shares by management shareholders and/or significant shareholders, or the perception that such sales could occur, could adversely affect prevailing market prices for the common shares.