

## NEUPATH HEALTH REPORTS 2020 AND FOURTH QUARTER RESULTS

- 8<sup>th</sup> consecutive quarter of positive adjusted EBITDA
- Adjusted EBITDA margin expanded to 4.1% during 2020
- The acquisition of HealthPointe improves NeuPath's Annual Revenue Run Rate to approximately \$57 million

**TORONTO, ONTARIO, March 26, 2021** – NeuPath Health Inc. (TSXV:NPTH) (formerly Klinik Health Ventures Corp.) (“NeuPath” or the “Company”), Canada’s largest provider of chronic pain management services, today announced its financial and operating results for the three months and year ended December 31, 2020. All figures are in Canadian dollars, unless otherwise noted.

### Financial and Operational Highlights

- NeuPath recorded its eighth consecutive quarter of positive adjusted EBITDA<sup>(1)</sup>;
- Adjusted EBITDA improved to \$2.0 million or 4.1% of revenue for the year ended December 31, 2020 compared to \$1.9 million or 3.8% of revenue in the comparative year;
- The sequential improvement in quarterly revenue continued in the 4<sup>th</sup> quarter. Revenue for the three months ended December 31, 2020 was \$12.8 million, an improvement from \$12.0 million for the three months ended September 30, 2020, \$11.2 million for the three months ended June 30, 2020, and \$11.6 million for the three months ended March 31, 2020;
- On October 5, 2020, the Company announced its plans to develop a remote chronic pain management app that represents a more holistic, patient-centred approach to chronic pain management by providing education and tools around sleep, exercise, diet, and behaviour modification in addition to traditional pharmacotherapy approaches for managing chronic pain. The technology will also allow for improved data collection and will facilitate improved communication between health care providers and patients;
- On November 13, 2020, the Company completed a bought deal public offering of 13,340,000 units at a price of \$0.90 per unit for aggregate gross proceeds of approximately \$12.0 million; and
- In response to increased demand for and increased acceptance of virtual care, the Company continues to offer virtual visits where appropriate. Virtual visits comprise approximately 9% of total patient visits since the start of the pandemic.

### Subsequent to the Year End

- On February 8, 2021, the Company announced the acquisition of HealthPointe Medical Centres Ltd. (“HealthPointe”), a leading pain, spine and sport medicine clinic located 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%.

<sup>(1)</sup> Non-International Financial Reporting Standard (“IFRS”) financial measure defined by the Company below.

“I am extremely proud of everything we accomplished in 2020. Despite needing to space out appointments and limiting the number of staff members, patients, and doctors in our clinics at any given time, we were still able to deliver essential care to patients and increased our profitability, on an adjusted EBITDA basis,” said Grant Connelly, CEO of NeuPath. “It was also an important foundational year; our public listing and equity financing provide us with the capital needed to execute on our expansion strategy. We took the first step in building out our national footprint this year with the acquisition of HealthPointe; improving our Annual Revenue Run Rate<sup>(1)</sup> to approximately \$57 million. We are also continuing to explore opportunities to expand our national network. Finally, we are making great progress on our proprietary, remote pain management technology and we plan to start beta testing the app with our patients early in the second quarter of 2021.”

## **2020 Financial Results**

Total medical services revenue was \$12.8 million for the three months ended December 31, 2020 compared to \$13.0 million for the three months ended December 30, 2019. Clinic revenue for the current quarter was consistent with the comparative quarter at \$12.2 million. The decrease in total revenue was related to the non-clinic services that includes our staffing business and our research business. For the year ended December 31, 2020, total medical services revenue was \$47.6 million compared to \$49.6 million for the year ended December 31, 2019.

Total operating expenses decreased to \$13.7 million for the three months ended December 31, 2020 compared to \$14.4 million for the three months ended December 31, 2019. The decrease was related to lower interest costs and \$0.6 million of restructuring costs that were incurred in the comparative quarter, partially offset by an increase in general and administrative expenses related to transaction costs for the HealthPointe acquisition and public company costs. For the year ended December 31, 2020, total operating expenses were \$49.9 million compared to \$52.8 million for the year ended December 31, 2019.

For the three months ended December 31, 2020, adjusted EBITDA decreased slightly to \$116,000 compared to \$464,000 in the comparative quarter due to an increase in transaction costs related to the acquisition of HealthPointe and public company costs. For the year ended December 31, 2020, adjusted EBITDA increased to \$2.0 million or 4.1% of total revenue compared to \$1.9 million or 3.8% of total revenue for the year ended December 31, 2019.

## **Non-IFRS Financial Measures**

This news release contains financial terms (such as adjusted EBITDA) that are not considered in IFRS. Such financial measures, together with measures prepared in accordance with IFRS, provide useful information to investors and shareholders, as management uses them to evaluate the operating performance of the Company. The Company's determination of these non-IFRS measures may differ from other reporting issuers, and therefore are unlikely to be comparable to similar measures presented by other companies. Further, these non-IFRS measures should not be considered in isolation or as a substitute for measures of performance or cash flows prepared in accordance with IFRS. These financial measures are included because management uses this information to analyze operating performance and liquidity.

### *Adjusted EBITDA & Annual Revenue Run Rate*

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.

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.

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

(\$ in thousands)	Three Months ended December 31		Year ended December 31	
	2020	2019	2020	2019
<b>Net loss and comprehensive loss</b>	<b>(587)</b>	(2,761)	<b>(5,058)</b>	(5,310)
<b>Add back:</b>				
Depreciation and amortization	<b>637</b>	628	<b>2,529</b>	2,485
Net interest expense	<b>179</b>	543	<b>1,468</b>	1,937
Income tax expense	<b>(199)</b>	(458)	<b>198</b>	(85)
<b>EBITDA</b>	<b>30</b>	(2,048)	<b>(863)</b>	(973)
<b>Add back:</b>				
Stock-based compensation	<b>97</b>	74	<b>221</b>	74
Restructuring	-	550	-	550
Fair value adjustments	-	337	<b>405</b>	738
Listing expense and transaction costs	-	-	<b>2,258</b>	-
Impairment	-	1,564	-	1,564
Finance income	<b>(11)</b>	(13)	<b>(46)</b>	(55)
<b>Adjusted EBITDA</b>	<b>116</b>	464	<b>1,975</b>	1,898

Annual Revenue Run Rate figures are calculated based on Company's 2020 annual results and the incremental impact of HealthPointe.

For further details on the results, please refer to NeuPath's Management, Discussion and Analysis and Consolidated Financial Statements for the year ended December 31, 2020, which are available on the Company's website ([www.neupath.com](http://www.neupath.com)) and under the Company's profile on SEDAR ([www.sedar.com](http://www.sedar.com)).

## About NeuPath

NeuPath is a vertically integrated health care provider utilizing research, data-driven insights, technology, and interdisciplinary care to help restore function for patients impacted by chronic pain, spinal injuries, sport-related injuries, and concussions. With equity ownership in fifteen clinics in Ontario and Alberta, NeuPath is building out a national network to better serve patients across Canada. NeuPath is focused on transforming the hope of a better life into the reality of a life more fully lived.

## Forward-Looking Statements

*This news release contains forward-looking statements. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future including, without limitation, the execution of the Company's expansion strategy in 2021 and beta testing the Company's remote pain management app in the second quarter 2021 are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company. Factors that could cause actual results or events to differ materially from current expectations included in this news release include, among other things, the severity, duration and spread of the COVID-19 outbreak, as well as its direct and indirect impacts that the pandemic may have on the Company's operations, adverse market conditions, risks associated with obtaining and maintaining the necessary governmental permits and licenses related to the business of the Company, increasing competition in the market and other risks generally inherent in the chronic pain, sports medicine, concussion and workplace health services markets. A comprehensive discussion of these and other risks and uncertainties can be found in the Company's annual information form dated March 25, 2021 filed on SEDAR under the Company's profile at [www.sedar.com](http://www.sedar.com).*

*Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions underlying the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to their inherent uncertainty.*

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