

NEUPATH HEALTH REVENUE GROWTH REMAINS STRONG AT 26% IN Q3 2021

- Total medical services revenue increased by 26% to \$15.2 million in the quarter
- Same-clinic revenue growth of 14% YTD through September 30, 2021
- 11th consecutive quarter of positive adjusted EBITDA
- Expanded technology offering by closing acquisition of KumoCare and forming partnership with Cynergi Health Partners

TORONTO, ONTARIO, November 12, 2021 – NeuPath Health Inc. (TSXV:NPTH), (“NeuPath” or the “Company”), owner and operator of a network of clinics delivering category-leading chronic pain treatment, today announced its financial and operating results for the three and nine months ended September 30, 2021. All figures are in Canadian dollars, unless otherwise noted.

Financial and Operational Highlights

- Quarterly revenue growth accelerated to 26% for the three months ended September 30, 2021;
- Strong quarterly revenue of \$15.2 million compared to \$12.0 million in the comparable prior year quarter;
- For the nine months ended September 30, 2021, revenue grew by 30% to \$45.3 million compared to \$34.8 million for the nine months ended September 30, 2020;
- Adjusted EBITDA⁽¹⁾ of \$0.6 million and \$2.4 million for the three and nine months ended September 30, 2021, respectively;
- Year-over-year adjusted EBITDA growth of 27% for the nine months ended September 30, 2021; and
- On August 16, 2021, the Company closed the previously announced acquisition of KumoCare, a virtual care platform to further expand NeuPath’s virtual care and telemedicine offerings.

“NeuPath continues to deliver strong financial results as we work to improve access to care and outcomes for patients impacted by musculoskeletal conditions,” stated Grant Connelly, CEO of NeuPath. “I am excited by the powerful combination of NeuPath and KumoCare in terms of being able to deliver further improvements around access to care and patient outcomes. In addition, capacity utilization remains just below all-time highs and I look forward to being able to share news about our expanding clinic network.”

Q3 2021 Financial Results

Total medical services revenue was \$15.2 million for the three months ended September 30, 2021 compared to \$12.0 million for the three months ended September 30, 2020. Clinic revenue for the current quarter increased by 26% to \$14.4 million compared to \$11.4 million in the comparative quarter. The increase in total medical services revenue was related to the acquisition of HealthPointe Medical Centres Ltd. (“HealthPointe”) and improvement in capacity utilization across the Company’s clinic network. For the nine months ended September 30, 2021, total medical service revenue was \$45.3 million compared to \$34.8 million for the nine months ended September 30, 2020.

Gross margin was 16.5% and 18.4% for the three and nine months ended September 30, 2021 compared to 21.5% and 20.7% for the three and nine months ended September 30, 2020. Gross margin for the current three and nine-month periods was impacted by remuneration payment accruals associated with the HealthPointe acquisition and restricted share unit award accruals related to the HealthPointe physician vendors. Excluding these transaction-related accruals, gross margin would have been 19.1% and 20.7% for the three and nine months ended September 30, 2021.

For the three and nine months ended September 30, 2021, adjusted EBITDA was \$0.6 million and \$2.4 million compared to \$0.7 million and \$1.9 million in the three and nine months ended September 30, 2020. The current three and nine-month periods included CEWS of \$nil and \$0.1 million compared to CEWS of \$0.2 million and \$0.7 million in the comparative periods.

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

Non-IFRS Financial Measures

The Company discloses non-IFRS measures (such as adjusted EBITDA and gross margin) that do not have standardized meanings prescribed by International Financial Reporting Standards (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.

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).

Adjusted EBITDA

The Company defines adjusted EBITDA as EBITDA, plus stock-based compensation expense, restructuring costs, fair value adjustments, listing expense and transaction costs, impairment charges and finance income. Management believes adjusted EBITDA is a useful supplemental measure to determine the Company's ability to generate cash available for working capital, capital expenditures, debt repayments, interest expense and income taxes.

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

	Three Months ended September 30		Nine Months ended September 30	
	2021	2020	2021	2020
	\$	\$	\$	\$
Net loss and comprehensive loss	(660)	(290)	(2,510)	(4,471)
Add back:				
Depreciation and amortization	704	632	2,243	1,892
Net interest expense	214	153	659	1,289
Income tax expense	-	190	282	397
EBITDA	258	685	674	(893)
Add back:				
Stock-based compensation	169	61	661	124
Fair value adjustments	-	-	-	405
Listing expense and transaction costs ¹	138	-	1,054	2,258
Finance income	(8)	(11)	(26)	(35)
Adjusted EBITDA	557	735	2,363	1,859

¹ Transaction costs include professional fees related to the acquisition of HealthPointe and a portion of accrued contingent consideration that under IFRS 3, *Business Combinations* was not permitted to be included in the acquisition cost and has been accounted for as remuneration rather than consideration transferred.

Gross Margin

Management believes gross margin is an important supplemental measure for evaluating operating performance and to allow for operating performance comparability from period to period. Gross margin is calculated as medical services revenue minus cost of medical services, divided by medical services revenue.

For further details on the results, please refer to NeuPath's Management, Discussion and Analysis and Condensed Consolidated Interim Financial Statements for the three and nine months ended September 30, 2021, which are available on the Company's website (www.neupath.com) and under the Company's profile on SEDAR (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 large-scale network to better serve patients across Canada and the United States. 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, including the build out of the Company's network in Alberta 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.

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.

For more information, please contact:

Stefan Eftychiou
stefan@bristolir.com
(905) 326-1888 x60

NEITHER TSX VENTURE EXCHANGE NOR ITS REGULATION SERVICES PROVIDER (AS THAT TERM IS DEFINED IN THE POLICIES OF THE TSX VENTURE EXCHANGE) ACCEPTS THE RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.