NeuPath Health Inc.

Condensed Consolidated Interim Financial Statements
March 31, 2022 and 2021
(unaudited)

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

(Canadian dollars in thousands)	Notes	As at March 31, 2022 $	As at December 31, 2021 $
ASSETS			
CURRENT			
Cash and cash equivalents		**4,294**	5,903
Accounts receivable		**8,988**	8,474
Other assets		**1,001**	988
TOTAL CURRENT ASSETS		**14,283**	15,365
NON-CURRENT			
Property, plant and equipment		**4,842**	4,574
Right-of-use assets		**6,674**	7,025
Other assets		**553**	607
Intangible assets	*4, 5*	**2,989**	3,053
Goodwill	*4*	**20,718**	20,718
TOTAL ASSETS		**50,059**	51,342
LIABILITIES AND EQUITY			
CURRENT			
Accounts payable and accrued liabilities		**8,592**	8,284
Current portion of long-term debt	*7*	**3,038**	3,441
Current portion of lease obligations	*6*	**1,343**	1,372
Current portion of other obligations	*5*	**500**	350
Current income tax liabilities		**312**	261
TOTAL CURRENT LIABILITIES		**13,785**	13,708
NON-CURRENT			
Long-term debt	*7*	**1,279**	1,287
Lease obligations	*6*	**6,316**	6,628
Other obligations	*5*	**-**	150
Deferred income tax liabilities	*5*	**65**	65
Due to related parties	*14*	**3,674**	3,674
TOTAL LIABILITIES		**25,119**	25,512
EQUITY			
Share capital	*8*	**36,830**	36,830
Warrants	*10*	**9,156**	9,156
Contributed surplus	*9*	**1,635**	1,615
Deficit		**(22,678)**	(21,771)
Equity attributable to shareholders of NeuPath Health Inc.		**24,943**	25,830
Non-controlling interest		**(3)**	-
TOTAL EQUITY		**24,940**	25,830
TOTAL LIABILITIES AND EQUITY		**50,059**	51,342

Note 12, *Commitments*

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

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

		Three months ended March 31, 2022	Three months ended March 31, 2021
(Canadian dollars in thousands, except per share figures or otherwise noted)	***Notes***	**$**	$
REVENUE			
Medical services	*15*	**15,411**	14,193
Total revenue		**15,411**	14,193
OPERATING EXPENSES			
Cost of medical services		**12,761**	11,215
General and administrative expenses		**2,107**	1,904
Occupancy costs		**436**	313
Depreciation and amortization		**724**	711
Interest cost	*6, 7*	**206**	214
Total operating expenses		**16,234**	14,357
OTHER EXPENSES (INCOME)			
Finance income		**(7)**	(9)
Transaction costs	*4*	**43**	423
Net loss before income taxes		**(859)**	(578)
INCOME TAXES			
Current income tax expense		**51**	124
NET LOSS AND COMPREHENSIVE LOSS		**(910)**	(702)
Attributed to:			
Shareholders of NeuPath Health Inc.		**(907)**	(702)
Non-controlling interest		**(3)**	-
		(910)	(702)
Net loss per common share			
- basic and diluted		**(0.02)**	(0.02)
Weighted average number of common shares outstanding (in thousands)			
- basic and diluted		**46,560**	43,133

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

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

		Attributable to shareholders of NeuPath Health Inc.							
		Share Capital		**Warrants**	**Contributed Surplus**	**Deficit**	**Total**	**Non-controlling interest**	**Total Equity**
(Canadian dollars in thousands, except number of shares)	***Notes***	**000s**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Balance, December 31, 2020		41,843	32,825	12,910	430	(18,541)	27,624	-	27,624
Stock-based compensation expense	*9*	-	-	-	77	-	77	-	77
Conversion of warrants	*10*	3,225	3,031	(3,031)	-	-	-	-	-
Expiry of warrants	*10*	-	-	(532)	532	-	-	-	-
Net loss and comprehensive loss		-	-	-	-	(702)	(702)	-	(702)
Balance, March 31, 2021		45,068	35,856	9,347	1,039	(19,243)	26,999	-	26,999
Stock-based compensation expense	*9*	-	-	-	440	-	440	-	440
Conversion of warrants	*10*	-	-	-	-	-	-	-	-
Expiry of warrants	*10*	-	-	(191)	191	-	-	-	-
Acquisition of KumoCare	*5*	1,429	919	-	-	-	919	-	919
Restricted share units, vested and exercised	*9*	63	55	-	(55)	-	-	-	-
Net loss and comprehensive loss		-	-	-	-	(2,528)	(2,528)	-	(2,528)
Balance, December 31, 2021		46,560	36,830	9,156	1,615	(21,771)	25,830	-	25,830
Stock-based compensation expense	*9*	-	-	-	20	-	20	-	20
Net loss and comprehensive loss		-	-	-	-	(907)	(907)	(3)	(910)
Balance, March 31, 2022		**46,560**	**36,830**	**9,156**	**1,635**	**(22,678)**	**24,943**	**(3)**	**24,940**

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

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

		Three months ended March 31	
		2022	2021
(Canadian dollars in thousands)	***Notes***	**$**	$
OPERATING ACTIVITIES			
Net loss and comprehensive loss		**(910)**	(702)
Items not involving current cash flows:			
Depreciation and amortization		**724**	725
Accretion of lease obligations	*6*	**168**	163
Accretion of other assets		**(13)**	(7)
Equity-settled stock-based compensation expense	*9*	**20**	77
		(11)	256
Net change in non-cash working capital	*11*	**(164)**	(10)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		**(175)**	246
INVESTING ACTIVITIES			
Acquisition of intangible assets, net		**(137)**	(77)
Acquisition of HealthPointe Medical Centres Ltd., net of cash acquired	*4*	**-**	(2,752)
Acquisition of property, plant and equipment, net of disposals		**(440)**	(15)
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		**(577)**	(2,844)
FINANCING ACTIVITIES			
Repayment of long-term debt		**(411)**	(377)
Advances of long-term debt		**-**	40
Receipts from other assets receivable		**63**	39
Repayment of lease obligations	*6*	**(509)**	(470)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		**(857)**	(768)
Net change in cash and cash equivalents during the period		**(1,609)**	(3,366)
Cash and cash equivalents, beginning of period		**5,903**	10,850
CASH AND CASH EQUIVALENTS, END OF PERIOD		**4,294**	7,484
Supplemental cash flow information			
Interest paid[1]		**43**	54
Income taxes paid		**-**	34

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

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

1. NATURE OF BUSINESS

NeuPath Health Inc. ("NeuPath" or the "Company") operates an end-to-end, integrated network of health care businesses focused on transforming the hope of a better life into the reality of a life more fully lived. NeuPath utilizes research, data-driven insights, technology, and interdisciplinary care to help restore function for patients impacted by acute and chronic musculoskeletal conditions, including chronic pain, spinal injuries, sport-related injuries, and concussions.

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

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

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

On August 16, 2021, NeuPath acquired Aidly Inc., owner of KumoCare ("KumoCare"), a virtual care platform to facilitate virtual care and telemedicine offerings. See Note 5, *Acquisition of KumoCare*, for additional information.

NeuPath has 13 locations across Ontario and 2 locations in Alberta with more than 130 health care providers.

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

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

2. GOING CONCERN ASSUMPTION

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

As at March 31, 2022, the Company had an accumulated deficit of $22,678 [December 31, 2021 - $21,771], including a net loss of $910 for the three months ended March 31, 2022 [March 31, 2021 - $702].

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

There can be no assurance that the Company will have sufficient capital to fund its ongoing operations. In addition, the Company may not be able to secure adequate debt or equity financing on desirable terms or at all. The credit ratings that the Company might obtain in connection with any debt financing may make securing debt financing prohibitive. There can be no assurance that additional financing will be available on acceptable terms or at all. As there can be no certainty as to the outcome of the above matters, there is material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

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

3. BASIS OF PREPARATION

Statement of Compliance

The Company prepares its Condensed Consolidated Interim Financial Statements in accordance with International Accounting Standard 34, *Interim Financial Reporting*. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these Condensed Consolidated Interim Financial Statements, were the same as those applied to the Company's annual Consolidated Financial Statements as at and for the year ended December 31, 2021.

These Condensed Consolidated Interim Financial Statements do not include all disclosures required for annual financial statements and should be read in conjunction with the annual Consolidated Financial Statements of the Company for the year ended December 31, 2021.

The policies applied to these Condensed Consolidated Interim Financial Statements are based on International Financial Reporting Standards ("IFRS"), which have been applied consistently to all periods presented. These Condensed Consolidated Interim Financial Statements were issued and effective as at May 25, 2022, the date the Board of Directors approved these Condensed Consolidated Interim Financial Statements.

Use of Estimates and Judgments

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

Impact of COVID-19

The Company's critical accounting estimates are affected by the various ongoing economic and social impacts of the COVID-19 global pandemic. There continues to be significant uncertainty as to the likely effects of this outbreak, which may, among other things, impact the Company's employees, suppliers and customers. The Company is monitoring the future impact of the pandemic on all aspects of its business. Each quarter-end, management carries out this assessment for indications that goodwill and other long-lived assets may be impaired. As part of this assessment, management performed an analysis on its cash-generating units ("CGUs") and determined there were no adverse impacts that would lead to indicators of impairment. As required, management will continue to assess these assumptions as the evolving COVID-19 situation changes.

Basis of Measurement

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

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

Basis of Consolidation

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

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

[i] Includes a 50% ownership in HealthPointe@CAO Services Ltd., a subsidiary of HealthPointe Medical Centres Ltd.

The Company controls its subsidiaries with the power to govern its financial and operating policies. All significant intercompany balances and transactions have been eliminated upon consolidation. The Company attributes total comprehensive income or loss of HealthPointe@CAO Services Ltd. between the equity holders of the parent and the non-controlling interests based on their respective ownership interests.

4. BUSINESS COMBINATIONS

HealthPointe Acquisition

On February 7, 2021, the Company acquired 100% of the issued and outstanding shares of HealthPointe in accordance with the Company's growth strategy.

The Company finalized its measurement of the assets acquired and liabilities assumed, as a result of the HealthPointe acquisition, on June 24, 2021. The consideration for the acquisition and measurement of the assets acquired and liabilities assumed, in accordance with IFRS 3, *Business Combinations* ("IFRS 3") was as follows:

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

Consideration Transferred
The Company satisfied the purchase price through the payment of $3,200 from cash on hand, the assumption of $2,004 of long-term debt spread across a number of facilities which renew annually for consecutive 12-month periods, bearing interest at the Royal Bank of Canada (“RBC”) Prime+0% (Note 7, *Long-Term Debt*) and $93 for cash and other working capital adjustments.

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

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

Other Identifiable Net Assets
As part of the HealthPointe acquisition, the Company assumed the right-of-use (“ROU”) asset and related lease obligation associated with the Edmonton facility (Note 6, *Lease Obligations*). The acquisition-date fair value was determined as the present value of the lease payments using the Company’s incremental borrowing rate of 7.5%.

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

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

Contribution to the Company’s Results in the Year of Acquisition
For the year ended December 31, 2021, HealthPointe accounted for $10,662 in revenues and $302 in net income, since the February 7, 2021 acquisition date. If the acquisition had been completed on January 1, 2021, the Company estimates it would have recorded $62,330 in pro-forma revenues and $3,600 in pro-forma net loss for the year ended December 31, 2021.

Amounts Recognized Separately from the Business Combination
Acquisition-related costs of $427 were recognized as part of transaction costs for the year ended December 31, 2021 and are not included as part of the consideration transferred.

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

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

5. ACQUISITION OF KUMOCARE

Acquisition of KumoCare
On August 16, 2021, the Company acquired 100% of the issued and outstanding shares of Aidly Inc. ("KumoCare") for $1,428 (excluding transaction costs of $200). Consideration transferred in the acquisition consisted of the issuance of $919 in common shares of the Company and contingent consideration of $500, payable in cash.

The Company has determined that this acquisition is outside of the scope of IFRS 3. Therefore, the transaction was accounted for as an acquisition of the underlying asset of KumoCare, with the related common share issuance accounted for in accordance with IFRS 2, *Share-based Payment*, guidance for equity-settled share-based payment transactions. As such, the common shares issued to affect the transaction have been measured at the fair value of the assets acquired, less the value of the contingent consideration to be payable in cash.

The acquired assets consist of intellectual property related to the KumoCare telemedicine and home care scheduling mobile application and deferred income tax assets related to tax loss carryforwards. As a result of the transaction, $1,556 has been recorded as an addition to intangible assets and deferred income tax assets of $61 have been recognized as a reduction in deferred income tax liabilities. The fair value of the intellectual property was determined based on the cost of reproduction method. The intangible asset value includes transaction costs of $200 and is amortized over its useful life of 7 years, with such amortization included within depreciation and amortization expense.

The contingent consideration payable in the amount of $500 has been recorded as a liability in the Consolidated Interim Statements of Financial Position and is expected to be settled within the next twelve months.

6. LEASE OBLIGATIONS

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

	2022 **$**	2021 $
Balance, as at January 1	**8,000**	4,672
Additions during the period	**-**	3,960
Payments during the period	**(509)**	(470)
Interest expense during the period	**168**	163
	7,659	8,325
Less: amounts due within one year	**1,343**	1,354
Long-term balance, March 31	**6,316**	6,971

There were no lease obligation additions during the three months ended March 31, 2022 [March 31, 2021 - $3,960]. As a result of the HealthPointe acquisition in 2021, the Company acquired lease obligations of $3,873 relating to the Edmonton facility. The Company also extended one InMedic facility lease during the three months ended March 31, 2021, resulting in additional lease obligations of $87 and total lease obligation additions of $3,960 during the comparative quarter. The Company recognizes corresponding ROU assets for any lease obligation additions.

For the three months ended March 31, 2022, lease payments totalled $509 [March 31, 2021 - $470]. The Company expenses payments for short-term leases and low-value leases as incurred. These payments for short-term leases and low-value leases were not material for the three months ended March 31, 2022 and 2021.

The Company's future cash outflows may change due to variable lease payments, renewal options, termination options, residual value guarantees and leases that have not yet commenced, which the Company is committed to, but are not reflected in the lease obligations.

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

The following is a maturity analysis for undiscounted lease payments that are reflected in the lease obligations as at March 31, 2022:

	$
Less than 1 year	1,940
1 to 2 years	1,744
2 to 3 years	1,312
3 to 4 years	908
4 to 5 years	709
Beyond 5 years	3,736
	10,349

See Note 12, *Commitments* for additional information on estimated additional rent payment obligations related to the Company's leases on its clinical and office locations.

7. LONG-TERM DEBT

	March 31, 2022 **$**	December 31, 2021 $
Royal Bank of Canada	**4,317**	4,728
Less: amounts due within one year	**3,038**	3,441
Long-term balance	**1,279**	1,287

Bank Term Loan

On February 26, 2018, the Company acquired long-term debt as a result of the business combination with Renaissance Asset Management (London) Inc. As at March 31, 2022, of the outstanding long-term debt, $1,495 bears interest at RBC Prime+1.95% matured in February 2022 and was renewed for a consecutive 12-month period ("Facility #1") and $1,215 bears interest at a rate of 5.23% and matures in September 2023 ("Facility #2").

On August 19, 2020, the Company entered into amendment agreements with respect to the long-term debt pursuant to which, among other things, the Company amended certain operating and financial restrictions to reflect the Company's current business operations and structure. The credit facilities include restrictive covenants relating to indebtedness, operations, investments, capital expenditures and other standard operating business covenants. The credit facilities are secured by all of the assets of the Company.

On February 7, 2021, the Company assumed long-term debt related to the HealthPointe acquisition. The term debt is spread across a number of facilities, which renew annually for consecutive 12-month periods, and bear interest at RBC Prime+0%. As at March 31, 2022, the outstanding balance of this long-term debt was $1,447.

In addition, the Company assumed, and has available, a $750 revolving demand facility bearing interest at RBC Prime+0% that was unutilized as at March 31, 2022. These credit facilities include the same restrictive covenants and are secured by all of the assets of the Company.

The Company has long-term debt outstanding with a principal balance of $160, which is interest free and repayable on or before December 31, 2023. These loans were made available to the Company under the Canada Emergency Business Account ("CEBA"), a government-backed program designed to assist businesses impacted by COVID-19.

The schedule of repayments of long-term debt, based on maturity, is as follows as at March 31, 2022:

	Within 12 Months $	1 – 2 Years $	Total $
Facility #1	1,495	-	1,495
Facility #2	96	1,119	1,215
HealthPointe	1,447	-	1,447
Canada Emergency Business Account	-	160	160
	3,038	**1,279**	**4,317**

8. SHARE CAPITAL

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

The Company did not issue common shares during the three months ended March 31, 2022. During the three months ended March 31, 2021, the Company issued 3,225,000 common shares related to the conversion of warrants to common shares (see Note 10, *Warrants*).

9. STOCK-BASED COMPENSATION

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

Stock Option Plan
During the three months ended March 31, 2022 and 2021, there were no issuances of options under the Stock Option Plan. As at March 31, 2022, the maximum number of common shares available for issuance under the Stock Option Plan was 3,402,924 [December 31, 2021 - 3,402,924].

The following is a schedule of the options outstanding:

	Options 000s	Range of Exercise Price $	Weighted Average Exercise Price $
Balance, December 31, 2021	1,253	0.87 - 1.00	0.97
Balance, March 31, 2022	**1,253**	**0.87 - 1.00**	**0.97**

The following table summarizes the outstanding and exercisable options held by directors, officers, employees and consultants as at March 31, 2022:

	Outstanding			Exercisable	
Exercise Price Range $	Options 000s	Remaining Contractual Life years	Weighted Average Exercise Price $	Vested Options 000s	Weighted Average Exercise Price $
1.00	929	2.7 - 3.3	1.00	596	1.00
0.87	324	5.4	0.87	165	0.87

Restricted Share Unit Plan
On February 7, 2021, in accordance with IFRS, the Company was deemed to have granted 1,785,714 RSUs with a total fair value of $1.5 million to the physician vendors of HealthPointe who remain contracted with the Company (Note 4, *Business Combinations*). These RSUs will vest if certain non-market performance conditions are met. Upon vesting, these RSUs will be settled for a variable number of common shares of the Company based on the quoted share price on the vesting date.

The fair value of the RSUs granted were determined indirectly by reference to the fair value of the equity instruments. Non-market performance conditions are included in assumptions about the number of RSUs that are expected to vest. Estimates are subsequently revised if there is any indication that the number of RSUs expected to vest differs from previous estimates. Any adjustment resulting from a revision is recognized in the current period earnings.

During the three months ended March 31, 2022 and 2021, there were no issuances of RSUs under the RSU Plan. As at March 31, 2022, assuming all performance conditions were achieved, the maximum number of common shares available for issuance under the RSU Plan was 583,238.

The following table summarizes the outstanding RSUs held by directors, officers, employees and consultants as at March 31, 2022:

RSUs 000s	Grant Date	Share Price $	Vesting Period Years	Fair Value per RSU $
77	September 1, 2020	0.87	4	0.87
447	February 7, 2021	0.84	1	0.84
893	February 7, 2021	0.84	2	0.84

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

Summary of Stock-based Compensation
Stock-based compensation for the three months ended March 31, 2022 was $20 [$77 for the three months ended March 31, 2021], all of which has been included in general and administrative expenses.

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

10. WARRANTS

As at March 31, 2022, the following warrants were outstanding:

				Fair Value Black-Scholes Model Inputs			
Type	**Exercise Price(i)**	**Warrants Outstanding(i)**	**Weighted Average Remaining Contractual Life**	**Risk Free Rate**	**Expected Life(i)**	**Volatility**	**Fair Value(i)**
	$	000s	years	%	years	%	$
Warrants	0.25	4,480	3.84	0.73	4 - 9	55.00	800
Warrants	1.30	1,975	0.51	1.47 - 2.29	2 - 3	60.95 - 75.14	357
Warrants	2.00	1,000	0.15	0.97	2	39.10	37
Prepaid warrants(i)	0.0001	7,195	0.90	1.89	3	43.18	6,763
Bought deal warrants	1.25	6,670	0.62	1.19	2	59.03	983
Bought deal finder warrants	0.90	800	0.62	1.19	2	59.03	216
		22,120	**1.11**				**9,156**

(i) On February 22, 2022, the Company extended the exercise period of a total of 7,195,000 prefunded common share purchase warrants of the Company (the "Prefunded Warrants"), exercisable at $0.0001 per common share, for an additional year from February 23, 2022 to February 23, 2023. All other terms of the Prefunded Warrants have remained unchanged.

The Company did not issue any additional warrants during the three months ended March 31, 2022 [March 31, 2021 - nil].

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

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

11. NET CHANGE IN NON-CASH WORKING CAPITAL

Net change in non-cash working capital consists of:

	March 31, 2022	March 31, 2021
	$	$
Accounts receivable	**(514)**	37
Other assets	**(9)**	105
Accounts payable and accrued liabilities	**308**	(152)
Income tax liabilities	**51**	75
Provisions	**-**	(75)
Net change in non-cash working capital	**(164)**	(10)

12. COMMITMENTS

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

	Expiry	**Additional Rent Payments**	**1 Year**	**2 to 3 Years**	**4 to 5 Years**	**> 5 Years**
Clinic Location		**$**	**$**	**$**	**$**	**$**
London	June 30, 2025	731	225	450	56	-
Hamilton	November 30, 2022	43	43	-	-	-
Mississauga	February 28, 2024	359	187	172	-	-
Oakville	July 31, 2022	16	16	-	-	-
Brampton	July 31, 2025	133	40	80	13	-
Toronto	December 31, 2023	96	55	41	-	-
Scarborough	July 31, 2023	89	67	22	-	-
Oshawa	November 30, 2025	242	66	132	44	-
Ottawa	July 31, 2028	684	108	216	216	144
Edmonton	December 31, 2033	4,664	397	794	794	2,679
Red Deer	July 31, 2032	443	43	86	86	228
		7,500	**1,247**	**1,993**	**1,209**	**3,051**

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

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

13. FINANCIAL INSTRUMENTS

Classification of Financial Instruments

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. The classification of the financial instruments, as well as their carrying values, are shown in the table below:

	March 31, 2022	December 31, 2021
	$	$
Financial assets at amortized cost		
Cash and cash equivalents	**4,294**	5,903
Accounts receivable	**8,988**	8,474
Total financial assets	**13,282**	14,377
Financial liabilities at amortized cost		
Accounts payable and accrued liabilities	**8,592**	8,284
Due to related parties	**3,674**	3,674
Long-term debt	**4,317**	4,728
Lease obligations	**7,659**	8,000
Other obligations	**500**	500
Total financial liabilities	**24,742**	25,186

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

Financial Instruments

IFRS 13, *Fair Value Measurement* requires disclosure of a three-level hierarchy that reflects the significance of the inputs used in making fair value measurements. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.
- Level 2 - Observable inputs other than quoted prices in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Significant unobservable inputs that are supported by little or no market activity.

The Company reviews the fair value hierarchy classification on a quarterly basis. Changes to the ability to observe valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy. The Company did not have any transfer of assets or liabilities between Level 1, Level 2 and Level 3 of the fair value hierarchy during the three months ended March 31, 2022 and 2021.

Credit Risk

The Company, in the normal course of business, is exposed to credit risk from its customers. Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk on its cash and cash equivalents and accounts receivable. The Company's objective with regards to credit risk in its operating activities is to reduce its exposure to losses. As the Company does not utilize credit derivatives or similar instruments, the maximum exposure to credit risk is the full amount of the carrying value of its cash and cash equivalents and accounts receivable.

The Company's accounts receivable relates to revenue earned from its customers. Credit risk is low as the Company's major customers are government organizations. Non-government customers include private health plans and employers, and do not significantly impact the Company's credit risk.

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

The Company's cash and cash equivalents are held with multiple financial institutions in various bank accounts. These financial institutions include four major banks in Canada, which the Company believes lessens the degree of credit risk. Cash and cash equivalents include cash on hand and current balances with banks and similar institutions, including money market mutual funds, which are readily convertible into known amounts of cash and have an insignificant risk of changes in value.

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

Risk Factors
The following is a discussion of liquidity risk and interest rate risk and related mitigation strategies that have been identified. This is not an exhaustive list of all risks nor will the mitigation strategies eliminate all risks listed.

Liquidity Risk
Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial liability obligations as they become due. The Company's objective is to provide for expected cash requirements and accommodate for changes in liquidity needs. The Company manages this risk by managing its capital structure through continuous monitoring of its actual and projected cash flows.

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

As at March 31, 2022, 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	**8,592**	8,592	-	-	-
Due to related parties	**3,674**	-	3,674	-	-
Long-term debt	**4,317**	3,038	1,279	-	-
Lease obligations	**7,659**	1,343	2,217	1,090	3,009
Other obligations	**500**	500	-	-	-
	24,742	**13,473**	**7,170**	**1,090**	**3,009**

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

Interest Rate Risk
Financial instruments that potentially subject the Company to cash flow interest rate risk are those assets and liabilities with a variable interest rate. Only two of the Company's loan facilities, included in long-term debt, have a variable interest rate. Accordingly, with respect to the carrying and fair values of interest-bearing liabilities, an assumed 25-basis point increase or decrease in interest rates would not have a significant impact on net loss and comprehensive loss.

Financial assets and financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. The Company's lease obligations and long-term debt are at fixed rates of interest. Those financial assets and financial liabilities 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.

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

14. RELATED PARTY TRANSACTIONS

The Company's related parties include certain investors and shareholders, subsidiaries and key management personnel.

Loans from Related Parties

The following related party balances were outstanding as at:

	March 31, 2022	December 31, 2021
	$	$
Due to Bloom Burton & Co. Inc.	**3,631**	3,631
Due to Bloom Burton Development Corp.	**43**	43
	3,674	3,674

The amount due to Bloom Burton & Co. Inc. ("BBCI"), a shareholder of the Company, is non-interest bearing, unsecured and due on demand. BBCI has agreed not to call the loan prior to December 31, 2023.

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, 2023.

The Company has outstanding Prefunded Warrants which are held by related parties of the Company. Please refer to Note 10, *Warrants* for further information on the Prefunded Warrants.

15. DISAGGREGATED REVENUES

The Company's revenues are disaggregated by major category:

	Three months ended March 31, 2022	Three months ended March 31, 2021
	$	$
Clinic revenue	**14,468**	13,542
Non-clinic revenue	**943**	651
Total revenue	**15,411**	14,193

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

The Company has two major customers that accounted for 88% of the Company's total revenue for the three months ended March 31, 2022 [two major customers represented 90% of the Company's total revenue for the three months ended March 31, 2021].

16. CONTINGENCIES

Litigation

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

Harmonized Sales Tax

From time to time, the Company may be subject to review and audit of its tax filing positions, which arises in the normal course of business. As a result of a Harmonized Sales Tax ("HST") audit being carried out by the Canada Revenue Agency ("CRA"), the CRA has challenged the Company's filing position over its pain-related medical services and has assessed additional HST amounts owing for 2014 and 2015. During 2019, the additional HST amounts assessed were paid through installments, which the Company expects to recover once the objection has been resolved in the Company's favour and, accordingly, the $1.3 million paid was included in accounts receivable as at March 31, 2022. During 2019, following the installment payments, the CRA extended the period under the HST audit to include 2016, 2017, 2018 and a portion of 2019. The result of this assessment was that further amounts were owing for the intervening years totaling $1.6 million (before interest), of which no amounts have been paid to the CRA, representing a total potential loss contingency of $2.9 million. The CRA has held back the Company's HST refunds in the amount of $0.5 million, increasing the total HST receivable balance as at March 31, 2022 to $1.8 million. The amount outstanding to the CRA as at March 31, 2022, including interest, was $1.4 million, which has not been accrued.

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