

**ARCPOINT TO HOST CONFERENCE CALL TO PROVIDE BUSINESS UPDATE AND
DISCUSS 2023 Q2 FINANCIAL RESULTS**

Greenville, South Carolina, August 14, 2023 – ARCpoint Inc. (TSXV: ARC) (the “**Company**” or “**ARCpoint**”) a leading US-based franchise system providing drug testing, alcohol screening, DNA and direct to consumer (“DTC”) clinical lab testing services announces that it will host a conference call on Tuesday, August 15, 2023 at 9:30 pm Eastern time to review the Company’s financial results for the second quarter ended June 30, 2023, and provide an operational update.

The dial-in number for the conference call is as follows:

Canada / USA Toll Free 1-800-319-4610
International Toll 1-604-638-5340

Callers should dial in 5 – 10 min prior to the scheduled start time and ask to join the ARCpoint call:

ARCpoint’s President and CEO, John Constantine commented “The second quarter was a period of great change for our Company as we transitioned from developing our technology platforms and processes to focus on deploying these new tools to drive more business through our franchisee locations. This included significant cost and headcount reductions, especially in the senior management and executive levels and realignment of team member responsibilities”.

As announced March 8, 2023, effective April 1, 2023, the Company enacted a headcount reduction representing approximately 30 per cent of the company’s salary costs. The majority of these cuts took place at the upper management and executive levels and involved \$485 thousand in one time severance costs that were accrued in Q1, 2023, but paid in Q2, 2023. As part of the cost-cutting process, the company also undertook significant operational cost-saving measures representing approximately 20 per cent of the then current operating costs. Concurrently, the Company also incurred additional software expenditures to refine the new technology platforms in preparation for full roll out.

Mr. Constantine concluded “As difficult as the cuts and changes were, in the second quarter we added new leadership for our franchise group in Bob Mann and launched our MyARCpointLabs technology platform. With these new tools, combined with Bob’s expertise in implementing growth strategies, we believe that we have taken huge steps forward to help increase our revenue per store as well as dramatically expand our distribution network”.

On May 15, 2023 the Company announced that it had appointed Bob Mann as President of Arcpoint Franchise Group LLC (AFG), a wholly owned U.S. subsidiary of the company that operates Arcpoint’s franchise business. The Company commented that it believed Mr. Mann’s 15 years in the US diagnostics services space and track record of successfully developing and implementing programs and processes to drive revenue in the health care diagnostics industry would be critical given his responsibility for driving both top-line growth at all franchisee locations and growing the company’s distribution network from the then current 134 locations.

On July 10, 2023, the Company announced that it had fully launched its new consumer e-commerce platform MyARCpointLabs, (“MAPL”) which was developed to make it easier for the Company’s franchisees to attract and better serve individual healthcare consumers and to make it easier for consumers to purchase the Company’s products and services. On August 10, 2023, the Company further

updated that 90 of the Company's 135 locations had completed MyARCpointLabs onboarding and training processes, and that 36 of those locations had begun using and integrating the platform into their daily business. The Company also noted that in addition, 105 affiliate businesses had signed up through 21 different franchise locations to use the MyARCpointLabs platform on a SaaS basis, giving the Company 240 physical locations where consumers could potentially purchase its tests and services.

Business Updates

Average Unit Volume ("AUV")

As at June 30, 2023 AUV stood at \$265K on a trailing three months and annualized basis. The Company defines AUV as the average revenue of reporting physical franchise locations open more than 24 months, which is the length of time the Company believes it takes for a new franchisee location to reach normalized operations after start up. For the purposes of calculating AUV, as at June 30, 2023, the Company had 134 total physical locations, with 89 locations open greater than 24 months. 4 locations open greater than 24 months were excluded from the calculation because of delays in their data reporting. Accordingly, for the second quarter, the Company based its AUV calculation on 85 locations. The Company has another 45 locations that have been open less than 24 months, which are excluded from the AUV calculation. As of June 30, 2023, when considering the total 134 locations, the average revenue per location was \$185K. The Company earns a 7% royalty and 2% brand fund contribution on its franchisee's revenues. AUV is a non-IFRS measure that is used to evaluate the performance of its business.

Physical Locations

In the second quarter of 2023, the Company sold 6 new franchisee agreements, awarded 2 transfers of ownership and opened 2 new locations. As of the current date, the Company now has a total of 135 locations open and operating and 19 more locations in various stages of preparing to open. During the second quarter 2 locations closed. The Company has the ability to use its technology platforms to continue operating virtually in the geographies related to the closed locations.

Vertical Treatment Centers ("VTC")

The Company's opiate addiction therapy business, VTC, which currently operates only in the state of South Carolina, has recently transitioned its business model given industry changes. The most significant changes for VTC are the closing of stand-alone VTC locations, with clients being served at specific ARCpoint franchisee locations. By moving from VTC-only locations to utilizing existing ARCpoint franchisee locations to treat clients, the VTC business unit is able to reduce costs. Of note, Blue Cross Blue Shield, which provides insurance reimbursement for opiate addiction therapy in South Carolina, has recently increased reimbursement rates that the insurer pays opiate addiction therapy practices like VTC. Currently, VTC does not comprise a materially financial portion of ARCpoint's overall business, but the Company is investigating ways it could grow the business in South Carolina and other US states.

As at June 30, 2023, the Company had total cash on hand of approximately US\$3.3 million, comprised of US\$2.6 million in unrestricted cash and cash equivalents and US\$733 thousand in Brand Fund restricted cash. Use of Brand Fund restricted cash is at the Company's discretion and is used to increase sales and the brand presence of the Company's entities and franchisees.

Summary of 2023 Q2 Financial Results

All results below are reported under International Financial Reporting Standards and in **US dollars**.

- Total revenue for the three months ended June 30, 2023 was \$1.5 million compared to \$2.3

million for the three months ended June 30, 2022 and \$1.7 million for the three months ended March 31, 2023. During Q2 2022, high complexity PCR testing and low complexity rapid tests volumes were significantly higher due to the COVID pandemic.

- Net loss for the three months ended June 30, 2023 was \$2.4 million compared to a net loss of \$1.1 million for the three months ended June 30, 2022 and negative \$2.1 million for the three months ended December 31, 2022. The increase in loss for Q2 2023 versus Q2 2022 was due to lower revenues and higher operating costs, including software development and sales and marketing costs for the period.
- Operating cash flow for the three months ended June 30, 2023 was negative \$1.9 million compared to negative \$400 thousand for the three months ended June 30, 2022 and negative \$1.2 million for the three months ended March 31, 2023. During the quarter, the Company paid \$485 thousand in one-time severance costs due to headcount reductions enacted on April 1, 2023.
- EBITDA for the three months ended June 30, 2023 was negative \$2.0 million compared to negative \$1.1 million for the three months ended June 30, 2022 and negative \$1.8 million for the three months ended March 31, 2023.
- Adjusted EBITDA for the three months ended June 30, 2023 was negative \$1.8 million compared to negative \$0.3 million for the three months ended June 30, 2022 and negative \$1.1 million for the three months ended March 31, 2023. For the current period ended, the difference between EBITDA and Adjusted EBITDA is primarily due to an adjustment related to the timing difference between Brand fund revenues and expenditures.

DEFINITION AND RECONCILIATION OF NON-IFRS FINANCIAL MEASURES

The Company reports certain non-IFRS measures that are used to evaluate the performance of its businesses and the performance of their respective segments. Securities regulators require such measures to be clearly defined and reconciled with their most comparable IFRS measures.

As non-IFRS measures generally do not have a standardized meaning, they may not be comparable to similar measures presented by other issuers. Rather, these are provided as additional information to complement those IFRS measures by providing further understanding of the results of the operations of the Company from management's perspective. Accordingly, these measures should not be considered in isolation, nor as a substitute for analysis of the Company's financial information reported under IFRS. Non-IFRS measures used to analyze the performance of the Company's businesses include "EBITDA", "Adjusted EBITDA" and "Average Unit Volume".

The Company believes that these non-IFRS financial measures provide meaningful supplemental information regarding the Company's performances and may be useful to investors because they allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making. These financial measures are intended to provide investors with supplemental measures of the Company's operating performances and thus highlight trends in the Company's core businesses that may not otherwise be apparent when solely relying on the IFRS measures. These non-IFRS measures are calculated as follows:

"EBITDA" is comprised as income (loss) less interest, income tax and depreciation and amortization. Management believes that EBITDA is a useful indicator for investors, and is used by management, in evaluating the operating performance of the Company. See "Unaudited Interim Condensed Consolidated EBITDA and Adjusted EBITDA Reconciliation" appended to this press release for a quantitative reconciliation of EBITDA to the most directly comparable financial measure.

“Adjusted EBITDA” is comprised as income (loss) less interest, income tax, depreciation, amortization, share-based compensation, Brand Fund revenue and expense timing difference, change in fair value of warrant liability, foreign exchange gain (loss) and other income / expenses not attributable to the operations of the Company. Management believes that EBITDA is a useful indicator for investors, and is used by management, in evaluating the operating performance of the Company. See “Unaudited Interim Condensed Consolidated EBITDA and Adjusted EBITDA Reconciliation” appended to this press release for a quantitative reconciliation of Adjusted EBITDA to the most directly comparable financial measure.

“Average Unit Volume” is defined as the average revenue of a reporting physical franchise location open more than 24 months, which is the length of time the Company believe it takes for a new franchisee location to reach normalized operations after start up. AUV cannot be distinguished from totals, subtotals and items disclosed in the primary financial statements of the Company.

A reconciliation of how the Company calculates EBITDA and Adjusted EBITDA is provide in the table appended to this press release.

For more information, please see the interim Financial Statements (the “Financial Statements”) and the interim Management Discussion & Analysis of the Company (MD&A”) for the three-month period ended June 30, 2023 under the Company’s profile at www.sedar.com.

About ARCpoint Inc.

ARCpoint is a leading US-based franchise system that leverages technology along with brick-and-mortar locations to give businesses and individual consumers access to convenient, cost-effective healthcare information and solutions with transparent, up-front pricing, so that they can be proactive and preventative with their health and well-being. ARCpoint is based in Greenville, South Carolina, USA. ARCpoint Franchise Group LLC, formed under the laws of the state of South Carolina in February 2005, is the franchisor of ARCpoint Labs and supports over 130 independently owned locations. ARCpoint sells franchises to individuals throughout the United States and provides support in the form of marketing, technology and training to new franchisees. ARCpoint Corporate Labs LLC develops corporate-owned labs committed to providing accurate, cost-effective solutions for customers, businesses and physicians. AFG Services LLC serves as the innovation center of the ARCpoint group of companies as it builds a proprietary technology platform and a physician network to equip all ARCpoint labs with best-in-class tools and solutions to better serve their customers. The platform also digitalizes and streamlines administrative functions such as materials purchasing, compliance, billing and physician services for ARCpoint franchise labs and other clients.

For more information, please contact:

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION:

Forward-Looking Information – this news release contains “forward-looking information” within the meaning of applicable Canadian securities laws which are based on ARCpoint’s current internal expectations, estimates, projections, assumptions and beliefs and views of future events. Forward-

looking information can be identified by the use of forward-looking terminology such as “expect”, “likely”, “may”, “will”, “should”, “intend”, “anticipate”, “potential”, “proposed”, “estimate” and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions “may”, “would” or “will” happen, or by discussions of strategy.

The forward-looking information in this news release is based upon the expectations, estimates, projections, assumptions and views of future events which management believes to be reasonable in the circumstances. Forward-looking information includes estimates, plans, expectations, opinions, forecasts, projections, targets, guidance or other statements that are not statements of fact. Forward-looking information necessarily involve known and unknown risks, including, without limitation, risks associated with general economic conditions; adverse industry events; loss of markets; future legislative and regulatory developments; inability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favourable terms; the ability of the Company to implement its business strategies, the COVID-19 pandemic; competition and other risks.

Any forward-looking information speaks only as of the date on which it is made, and except as required by law, the Company does not undertake any obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. When considering the forward-looking information contained herein, readers should keep in mind the risk factors and other cautionary statements in the Company’s disclosure documents filed with the applicable Canadian securities regulatory authorities on SEDAR at www.sedar.com. The risk factors and other factors noted in the disclosure documents could cause actual events or results to differ materially from those described in any forward-looking information.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Exchange) accepts responsibility for the adequacy or accuracy of this Press release.

ARCpoint Inc.
Unaudited Interim Condensed Consolidated EBITDA and Adjusted EBITDA Reconciliation
(Expressed in United States Dollars)

	For the three months period ended	
	June 30, 2023	June 30, 2022
Net loss	\$ (2,389,741)	\$ (1,067,856)
Finance expense (a)	196,505	171,320
Taxes	-	(212,573)
Depreciation and amortization	204,120	50,506
EBITDA	(1,989,116)	(1,058,603)
Share-based compensation (b)	31,242	-
Other income	-	(354)
One-time legal, professional and related costs (c)	50,000	280,149
Impairment of property and equipment and ROU	-	19,299
Change in fair value of warrant liability	-	193,731
Brand Fund revenue and expenditure timing difference (d)	145,315	263,055
Adjusted EBITDA	\$ (1,762,559)	\$ (302,723)

- (a) Finance expense comprised of interest on bank loans, notes payable and lease liabilities (see Financial Statements).
- (b) Share-based compensation expense comprised of non-cash compensation (see Financial Statements).
- (c) One-time legal and professional fees refer to expenses and other transactional costs incurred for financings and restructuring completed in 2022 and one-time legal fees in 2023 (see Financial Statements).
- (d) The Group operates a Brand Fund established to collect and administer funds contributed for use in advertising and promotional programs designed to increase sales and enhance the reputation of the Group and its franchisees. The Group reports contributions and expenditures on a gross basis on the Group's statement of profit and loss. Brand Fund contributions are recognized as revenue when invoiced, as the Group has full discretion on how and when the Brand Fund revenues are spent. Brand Fund revenue received may not equal advertising expenditures for the period due to timing of promotions and this difference is recognized to earnings. This adjustment is made to normalize for the timing difference of the Brand Fund revenues and Brand Fund expenditures.