



ARCPOINT TO HOST CONFERENCE CALL TO DISCUSS 2023 Q4 AND FULL YEAR FINANCIAL RESULTS

Greenville, South Carolina, April 29, 2024 – 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 at 4pm Eastern time, Wednesday, May 1, 2024 to review the Company’s 2023 full year and fourth quarter, ending December 31, 2023 results.

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

Canada / USA Toll Free 1-844-763-8274
International Toll +1-647-484-8814

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

ARCpoint President and CEO, John Constantine commented “We have worked hard to make progress in bringing our costs in line with revenues over the past 14 months, including recent new staffing and operational reductions. Together, all of these reductions have resulted in an approximately 45% reduction in our headcount and 30% reduction in our overall operating expenses since early 2023”.

Throughout April 2024, the Company enacted reductions in headcount as well as to operational and administrative costs that are expected to result in annualized savings of approximately \$530,000 in staffing costs and \$440,000 in operational and administrative costs. These recently completed reductions are in addition to the staffing and operational cuts totalling USD\$2 million as previously reported by the Company in its news releases dated March 8 and October 17, 2023.

Mr. Constantine concluded, “While the effects of these cuts have been difficult, we believe they are necessary to bring longer term value to our shareholders as we seek to leverage our MyARCpointLabs technology platform to create a healthcare ecosystem that will drive more business to our franchisees and expand our distribution network through new partnerships.”

On July 10, 2023 the Company reported that it had launched its new consumer e-commerce platform, MyARCpointLabs. (“MAPL”) MAPL was developed to make it easier for the Company’s franchisees to attract and better serve individual healthcare consumers and for a greater number of consumers to purchase the Company’s products and services more easily. By year end of 2023, every ARCpoint franchised location had MAPL integrated into their location and interfaced with their local website. MAPL also provides interface support with various other healthcare organizations and acts as the operations tool within the franchise system. The technology virtualizes the Company’s consumer business model allowing for the expansion of the Company’s footprint to other entities beyond traditional ARCpoint facilities and enabling franchisees to generate revenue prior to having a brick and mortar facility. MAPL also allows for the linking of diagnostic testing services with virtual physicians and other healthcare system constituents, such as independent pharmacies.

On November 21, 2023, the Company further announced that it had implemented a new application programming interface (“API”) with MD Care Group LLC, (“MD Care Group”) a telehealth company, which provides consumers with cost-effective, virtual access to health care through a national network of



thousands of board-certified physicians and health care providers. This allows ARCpoint customers to connect with MD Care Group's doctors, through MAPL, to discuss results from ARCpoint diagnostic tests or other medical concerns they may have. This opens the door for future opportunities for the creation of virtual primary care and urgent care centers anywhere ARCpoint services can be accessed.

As at December 31, 2023, the Company had total cash on hand of approximately US\$1.0 million, comprised of US\$0.9 million in unrestricted cash and cash equivalents and US\$0.1 million 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.

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

Summary of 2023 Q4 Financial Results

- Total revenues for the three months ended December 31, 2023, were \$1.8 million compared to \$1.3 million for the three months ended December 31, 2022. The increase in revenue for Q4 2023 versus Q4 2022 was primarily due to higher royalty and franchising revenues and also an increase in support service revenues provided to franchisees and lab services.
- Net loss for the three months ended December 31, 2023, was \$3.0 million compared to a net loss of \$6.1 million for the three months ended December 31, 2022. The decrease in loss for Q4 2023 versus Q4 2022 was primarily due to a decrease in stock-based compensation of \$1.0 million and a decrease in professional fees of \$0.4 million. Net loss for Q4 2022 was higher also due to non-recurring items in the period including loss on conversion of convertible debt of \$1.3 million and public listing expense and transaction costs of \$2.2 million.
- Operating cash flow for the three months ended December 31, 2023 was negative \$0.2 million compared to negative \$0.3 million for the three months ended December 31, 2022.
- EBITDA for the three months ended December 31, 2023, was negative \$2.7 million compared to negative \$5.8 million for the three months ended December 31, 2022.
- Adjusted EBITDA for the three months ended December 31, 2023, was negative \$0.7 million compared to negative \$1.3 million for the three months ended December 31, 2022. The decrease in negative Adjusted EBITDA for Q4 2023 versus Q4 2022 was primarily due to increase in revenues of \$0.4 million and overall reduction in operating expenses.

Summary of 2023 Year-End Audited Financial Results

- Total revenues of \$6.7 million for the twelve months ended December 31, 2023 compared to \$10.9 million for the twelve months ended December 31, 2022. The difference in revenue for 2023 versus 2022 was due to overall reduction in royalties and franchise fees and also reduction in support and lab services revenues.
- Net loss of \$8.9 million for twelve months ended December 31, 2023 compared to a net loss of \$8.3 million for the twelve months ended December 31, 2022. The difference in net loss for 2023 versus 2022 was due to decline in revenues of \$4.2 million partially offset by reduction in operating expenses of 0.8 million and listing expenses and transaction costs of \$2.2 million.
- Operating cash flow for the twelve months ended December 31, 2023 was negative \$4.2 million compared to negative \$0.1 million for the twelve months ended December 31, 2022.
- EBITDA for the twelve months ended December 31, 2023, was negative \$7.7 million compared to negative \$7.3 million for the twelve months ended December 31, 2022.
- Adjusted EBITDA for the twelve months ended December 31, 2023, was negative \$4.3 million compared to negative \$1.0 million for the twelve months ended December 31, 2022. The increase in negative Adjusted EBITDA was primarily due to a decline in revenues of \$4.2 million partially

offset by a reduction in operating expenses of \$ 0.8 million.

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" and "Adjusted EBITDA".

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 "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 "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.

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 audited annual Financial Statements (the "Financial Statements") and the annual Management Discussion & Analysis of the Company (MD&A") 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:

ARCpoint Inc.
Jason Tong, Chief Financial Officer
Phone : (604) 889-7827
E-mail : invest@arcpointlabs.com

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.
Consolidated EBITDA and Adjusted EBITDA Reconciliation
(Expressed in United States Dollars)

	<u>For the three months ended</u>		<u>For the year ended</u>	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Net loss	\$ (2,953,608)	\$ (6,079,763)	\$ (8,940,169)	\$ (8,320,665)
Finance expense (a)	259,676	197,517	735,241	707,321
Deferred income tax recovery	(205,161)	-	(205,161)	-
Depreciation and amortization	208,128	106,880	721,028	275,485
EBITDA	\$ (2,690,965)	\$ (5,775,366)	(7,689,061)	(7,337,859)
Share-based compensation (b)	36,197	981,737	138,932	981,737
Bad debt expense	359,056	(54,322)	449,134	69,641
Other income (c)	-	(1,035)	-	(3,338)
Gain on retirement of lease	(25,833)	-	(183,310)	-
Gain on modification of notes payable	(32,899)	-	(32,899)	-
One-time legal, professional and related costs (d)	37,500	2,245,667	87,500	3,152,327
Impairment of intangible assets	274,682	-	274,682	-
Impairment of goodwill	440,000	-	440,000	-
Impairment of property and equipment and ROU	-	262,488	-	281,787
Brand Fund revenue and expenditure timing difference (e)	143,674	359,367	989,495	661,174
Change in accounting estimate (f)	722,663	-	722,663	-
Conversion of convertible debt	-	1,323,918	-	1,323,918
Change in fair value of warrant liability	-	(962,367)	-	(417,705)
Reissuance of warrants	-	273,540	-	273,540
Severance costs	-	-	543,146	-
Adjusted EBITDA	\$ (735,925)	\$ (1,346,373)	(4,259,718)	(1,014,778)

- (a) Finance expense comprised of interest on bank loans, notes payable and lease liabilities
- (b) Share-based compensation expense comprised of non-cash compensation
- (c) Other income comprised of government assistance benefit received pertaining to the COVID-19 pandemic.
- (d) 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.
- (e) 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.
- (f) In the current fiscal year, the Group revised the capitalized commissions amortization period from 10 to 7 years which in management's view more accurately reflect the average franchisee period they relate to. The Company recorded accelerated amortization of the asset of \$722,663 during the year ended December 31, 2023 and have a remaining net book value of \$2,510,012.