

## NEUPATH CEO LETTER TO SHAREHOLDERS

- **NeuPath is the largest provider of comprehensive pain management in Canada**
- **As a private provider to the public healthcare system, NeuPath is well positioned to assist the public sector and provide enhanced service to patients**
- **Organic and acquisition opportunities are under review to accelerate growth**
- **Our Q3 2022 restructuring is delivering improved performance**
- **Joseph Walewicz appointed Chief Executive Officer**

**TORONTO, ONTARIO, March 9, 2023** – NeuPath Health Inc. (TSXV:NPTH), (“NeuPath” or the “Company”), owner and operator of a network of clinics delivering category-leading chronic pain treatment, today provided an open letter to shareholders from NeuPath’s CEO Joe Walewicz. The letter to shareholders is reproduced below.

Dear Fellow Shareholders,

One in four Canadians suffer from chronic pain. Many of you likely suffer from chronic pain, and likely all of you know someone who is suffering. Every day our team of more than 200 people, including more than 130 licensed healthcare professionals, seeks to alleviate the suffering by meeting our patients in the community across our 14 locations in Ontario and Alberta, supporting the public system with quality care and empowering people to live their best lives. While more help is needed, I am proud to say that our team managed more than 200,000 patient visits last year, alleviating the suffering of those in need. This is a powerful organization in its size and ability to impact lives, and we look forward to reaching more patients in more cities across Canada.

I joined the board of NeuPath in 2020, just as it became a publicly traded company. Not long after the listing was completed, we were all met with the challenges of the pandemic. Despite these challenges – and as an essential service provider – the NeuPath team delivered, making sure that we were able to continue to see patients and deliver quality care for those who desperately needed it. Also, like many other healthcare companies, we invested in technologies and tools in support of telemedicine and a remote or virtual working business model. As we came out of the pandemic, with rising costs and revenue shifts continuing to negatively impact results, the board of directors recognized the need for change and I stepped into the role of Chief Business Officer last summer to take a deeper look at the business of NeuPath as it was, and to help accelerate growth by looking at new opportunities. The team dove right in and made a number of changes to improve the business, with annualized cost savings of nearly \$1 million per year announced in NeuPath’s fiscal third quarter of last year. At the end of the third quarter, I was appointed interim CEO, accepting the challenge - and the opportunity - to further advance and improve the business, so that our physicians, nurses and all of our staff can continue to deliver the highest quality care.

Over the past thirty years in healthcare, I recognize that healthcare is local, right down to the care team delivering their best care. Since taking on an executive role within the Company, I have spent considerable time in the clinics with our staff to understand their challenges, meet our teams and occasionally our patients. To date, the teams have been forthright in discussing the issues and opportunities we face, and with the team’s continued input, we are taking additional steps to improve the operations so that we can invest in better care, experiences and patient outcomes.

Operationally, our core existing businesses are performing well and we are seeing improvements, especially to EBITDA and cash flow, as a result of the restructuring in Q3 2022 and the opening of new clinics. Last year, we made significant investments in infrastructure to drive organic growth, which is now beginning to take effect. We opened our new jointly owned clinic in Red Deer (called HP@CAO) and we recently started seeing patients at our newly constructed and recently licensed Ottawa fluoroscopy suites. NeuPath’s fluoroscopy suite in Hamilton was recently approved to begin seeing patients and will ramp up those activities in the coming months. Additionally, we recently gained approval of our ketamine infusion protocol and that gives us another tool to help our patients with pain. These initiatives have expanded our image-guided capacity and our breadth of capabilities to treat those with pain, and we will continue to add to our tools and procedures available for our care teams and physicians to treat our patients in the best ways possible.

As part of our goal to make continuous improvements in our operations, we have a significant physical footprint across our locations and we are now looking at ways to improve our facilities, with more image-guided capabilities and tailor made to the size that will best meet our needs. In that vein, we recently made the decision to list our only corporate-owned property to reduce debt and free up capital. We have received strong interest from buyers, and we hope to provide an update in the near future.

Beyond our core operations, we continue to evaluate potential new services to offer our patients, and we continue to speak with other parties about expanding our footprint and capabilities. We have a number of ongoing conversations with other parties in the chronic pain, pain related, orthopedic and other sectors that we believe would be complementary to our service offerings in Ontario, Alberta and in other provinces. It is worth noting that Alberta, Ontario and other provinces are more explicitly trying to figure out new, regulated and officially sanctioned models of community care to relieve the pressure on an overly stressed healthcare system, and I believe that NeuPath is well suited to participate in the next phase of new healthcare delivery models in Canada.

Our growth – both organic and through acquisition – can be accelerated with financial flexibility, and on that front, we are discussing new, non-dilutive financings with major banks, and we would expect to provide a more detailed update in the near-term. We believe this new package will provide us the structure and flexibility to efficiently operate our business, as well as execute on new growth opportunities, should they advance to such a stage.

Challenges nevertheless remain, as the CRA has recently advised us that it intends to confirm its decision that we are required to collect HST on management services that the CRA asserts that we are providing to our physicians in our regulated healthcare facilities. Yesterday, we submitted new documentation to the CRA appeals branch refuting the CRA's position. We strongly believe in our position and if successful, would result in significant cash being returned to NeuPath as it has already largely been funded.

Finally, I wish to announce that I have accepted the Board's offer to be the permanent CEO, effective immediately. I am very excited by the opportunity ahead, and I am certain that our challenges can be overcome. I am particularly grateful to have such a dedicated staff and physician partners, and the entire team who works to deliver quality care to those in need. It is a worthy challenge and opportunity.

It is going to be an exciting year for NeuPath, and I thank you, our shareholders, for your support as we work through key challenges. We have much more to do to put the business into an even better footing, but the pieces are coming together and you have my commitment to drive improved performance for the benefit of all of our stakeholders. It is a worthy challenge and opportunity.

Sincerely,

JW

### **About NeuPath**

NeuPath operates a network of healthcare clinics and related businesses focused on improved access to care and outcomes for patients by leveraging best-in-class treatments and delivering patient-centered multidisciplinary care. We operate a network of medical clinics in Ontario and Alberta that provide comprehensive assessments and rehabilitation services to clients with chronic pain, musculoskeletal/back injuries, sports related injuries and concussions. In addition, NeuPath provides workplace health services and independent medical assessments to employers and disability insurers through a national network of healthcare providers, as well as contract research services to pharmaceutical and biotechnology companies. NeuPath is focused on enabling each individual we treat to live their best life.

## 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 2023, its anticipation of ramping up its activities in its new facilities, the sale of its corporate property and the evaluation of the offering of new services to its patients 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 17, 2022 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.*

### **For more information, please contact:**

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