Dear Shareholders,

First and foremost, I would like to express my deepest gratitude for all your support during a most challenging year of 2020. At the beginning of last year, our prospects for obtaining an institutional life sciences investment looked very promising. As we exited 2019, going into 2020, we had attained significant preclinical milestones in further validating our novel and lead therapeutic compound KLS-13019 for the treatment of chemotherapy-induced peripheral neuropathy (CIPN).

We believed at the turn of the year, going into 2020, our positioning and message of a globally patented, non-opioid solution with the potential to prevent and reverse CIPN was certainly attractive enough for institutional investors in the life sciences field to invest in us towards that goal of getting KLS-13019 into a Phase 1 human clinical safety trial.

Today we believe, more than ever before, that KLS-13019 is a very viable candidate for a future human clinical trial program for the treatment of CIPN. To date there has been and continues to be no FDA-approved drug to treat CIPN and there remains a continued use model for oxycontin and oxycodone to try and treat neuropathic pain. And what remains, regardless of any upside from the use of opioids is the constant threat of a drug abuse model that has only been exacerbated by the negative multiplier effect of SARS-CoV-2, better known as COVID-19.

In response to this opioid abuse crisis, there was an extensive effort put forth by the National Institutes of Health (NIH) to investigate new technologies in an effort to curtail the misuse and abuse of opioids, most prominently in pain management.

In recognition of this national emergency, the NIH mobilized its program, the HEAL Initiative (The Helping to End Addiction Long-termSM (HEAL) Initiative), supporting science-based solutions to the opioid crisis. As this process started in 2017, prior to COVID-19, it seemed that our Company was in the right place, at the right time.

We believe, that COVID-19 temporarily altered that course for our Company’s efforts to secure financing to accelerate our drive towards clinical trials for KLS-13019.
The greater interest by the marketplace for bottom fishing the FAANG stocks and the desire to chase vaccines, as well as repurposed anti-inflammatory technologies for COVID-19, allowed us to focus our efforts on participating in the HEAL Initiative. For that opportunity, we are grateful to the good people at the NIH – National Institute of Neurological Disorders and Stroke (NIH-NINDS). So one can see the value of the proverbial blessing in disguise.

As a result of being selected to participate in the NIH-NINDS preclinical screening platform for pain (PSPP), our lead drug candidate, KLS-13019, is looking better than ever before. KLS-13019 remains in the PSPP screening platform against known drugs and biological targets that lead to the abuse and addiction process. In addition to the PSPP program at NIH-NINDS, we have also filed for two separate grant opportunities with NIH-NINDS. One of which is for a Phase 2 grant that follows our successfully completed NIH – National Institutes on Drug Abuse (NIDA), Phase 1 study grant. The other is a separate NIH HEAL Initiative grant opportunity to consider additional backup compounds to KLS-13019 – selective non-opioid and non-abuse potential new drug candidates – for further preclinical and potential clinical review.

While we may have lost six to nine months heading towards clinical trials during the challenging year of 2020, we believe our Company has gained immeasurable long-term value for our shareholders and the much needed data to fortify the clinical prospects of KLS-13019.

In addition to our grant applications with NIH-NINDS and participating in the HEAL-PSPP program, we focused the 2020 campaign on strengthening the foundation of our Company by enhancing our intellectual property estate.

We did this:

- By uncovering the full potential and mechanism of action to the cache of KLS-13019’s competencies as a treatment for CIPN;
- With newly discovered science through our extensive research into humulus lupulus (also known as hops) which resulted in a new PCT patent filing for novel class of neuroprotective compounds including NPTX-204;
- Through additional global patent filings for existing and new compounds and uses;
- In completing the formulation for our topical skin care product Atopidine® and active ingredient Limoneyldihydroxybenzyl Ethoxycarbonyl Azetidine (LEA); and
- From the acquisition of an extraordinary anti-convulsant and neuroprotective IP estate.

All of this gives the Company a diverse portfolio of assets.
Altogether, our Company has a diverse CNS and PNS related drug discovery platform that includes:

- potent neuroprotective, anti-inflammatory, non-opioid pain management compounds like KLS-13019;
- potent antipruritic and anti-inflammatory compounds like LEA as the active ingredient in our topical solution Atopidine® – a readily marketable, premium product for relieving the symptoms of eczema and excessive radiation; and
- potent neuroprotective, anti-convulsant compounds like AND-302 and AND-383.

We also strengthened our corporate competencies in key areas. We did this by adding two outstanding members in the life sciences community to our scientific advisory board (SAB). We welcomed Dr. Tage Honoré, PhD, DSc, who is currently the Chairman of our SAB and Dr. Daniel Richman, MD a world renowned pain management clinician. Our Company also welcomed Terrence O. Tormey to the Company’s corporate advisory board. The addition of Terrence O. Tormey, with his vast experience in launching pharmaceuticals and consumer products, solidifies our plans for launching Atopidine® in the coming months ahead.

Again, while COVID-19 played its role in roiling the capital markets, likely diverting attention away from our Company and away from the opioid crisis, we remained focused on advancing the potential for taking our lead compound KLS-13019 into the clinic. In 2020, we were able to attain a scientifically validated rationale of how certain chemotherapies cause CIPN, and how KLS-13019 works. We believe, that in KLS-13019, we have a viable and significant non-opioid solution for the prevention and reversal of neuropathic pain caused by chemotherapeutic agents like paclitaxel and cisplatin.

Additionally, from our expanded view of the mechanism of action of KLS-13019, our research has now taken KLS-13019 into a very exciting biological target regarding inflammation and pain in the CIPN model. That target is NLRP3 and it is the subject of one of the newest and hottest focal points by big pharmaceutical companies and Wall Street.

Just this past year alone, in September 2020, Roche acquired startup UK based drug discovery company Inflazome for $447 million. That deal was quickly followed by Eli Lilly’s acquisition of Disarm Therapeutics in October 2020 for up to $1.225 billion with an initial up-front payment of $135 million. Disarm is an early stage biotech. Another company, Denali Therapeutics, which raised $250 million in its IPO in 2017, now has a $9 billion market capitalization and just recently had five of its candidates enter clinical trials. All these companies are focused on, among other things, NLRP3 and the inflammasome. We believe we have
uncovered a significant pathway within the peripheral nervous system (PNS) that makes us and KLS-13019 unique to others and their drug candidates who are also focused on NLRP3.

Accordingly, we believe that from these comparative standpoints, our Company’s market value is woefully underappreciated.

What is not underappreciated is my heartfelt gratitude for all of the good people who have dedicated many years of their lives in time, effort and energy into making Neuropathix, Inc. a great company.

I’m blessed and honored to be at the helm of such a great data driven, science based drug discovery company and to be surrounded by the most dedicated, and wonderful life sciences professionals, board of directors, advisory board, management team and employees. To everyone involved with our efforts and to all our great shareholders, I’m very grateful for your support and interest in Neuropathix.

I look forward to work to be completed and building our Company to its full and unlimited potential.

Sincerely,

Dean Petkanas, CEO
Neuropathix, Inc.
January 24, 2021