

## **Wesana Announces Sale of Clinic Management Services Organization**

CHICAGO and TORONTO, September 1<sup>st</sup>, 2022 -- **Wesana Health Holdings Inc. (“Wesana” or the “Company”)** (CSE: WESA; OTCQB: WSNAF), a data-driven life sciences company focused on developing the novel therapies of tomorrow, today announces that it successfully completed a transaction (the “Sale Transaction”) to sell the Management Services Organization (“MSO”) assets as part of the Company’s Care Delivery segment for a total consideration of USD\$2,100,000.

“The sale of the MSO is an important step in our transition towards a more focused and streamlined company” commented Daniel Carcillo, Chairman and Chief Executive Officer of Wesana. “After a thorough assessment of Wesana’s strategy and assets, the Board concluded that a sale of the MSO would provide Wesana with the ability to continue pursuing current initiatives with a strengthened balance sheet. We anticipate the transition to be seamless for the clinics’ patients, employees, and stakeholders.”

### *Sale of Clinic Management Services Organization*

Under the terms of the Sale Transaction entered into on September 1, 2022, Wesana has entered into an Equity Purchase Agreement (the “Sale Agreement”) with APS Innovations LLC (“APSI”), an entity controlled by Dr. Abid Nazeer, for the sale of Advanced Psychiatric Management LLC, an indirect wholly owned subsidiary of Wesana Health Holdings containing the Company's operating clinic management assets in the greater Chicago area. Pursuant to the Sale Agreement, Wesana has received USD\$2,100,000 in total consideration consisting of USD\$750,000 in cash, an assumption of USD\$126,011 in liabilities, working capital adjustments and a promissory note equal to USD\$1,223,989. The Sale Transaction closed on September 1, 2022.

The promissory note will bear an annual interest rate of 14%, provided that if APSI has made a cash payment equal to USD\$250,000 by December 1, 2022, the interest rate will be reduced to 10% per annum. The promissory note will have a maturity date of August 31, 2023 and will contain certain customary restrictive covenants and a voluntary prepayment option for APSI.

Concurrent with the promissory note, Wesana has entered into an arrangement (the “Letter Agreement”) with Dr. Abid Nazeer and Advanced Psychiatric Solutions, Ltd. d/b/a Wesana Clinics (the “Practice”) to settle the outstanding contingent consideration liabilities owed to the Practice associated with the original purchase of clinic MSO completed on September 8, 2021 for an amount equal to USD\$200,000 (the “Settlement Amount”). Pursuant to the Letter Agreement, the payment of Settlement Amount is subject to successful repayment of the principal amount owing to Wesana under the promissory note. APSI retains the option to offset any principal repayments under the promissory note by amounts due under the Letter Agreement on a proportional basis relative to the outstanding balance on the promissory note. The Company anticipates allocating 16.34% of each principal repayment received from APSI under the promissory note to the Settlement Amount. Additionally, pursuant to the Letter Agreement, the Company has agreed to settle outstanding consulting fees payable to Dr. Abid Nazeer in an amount equal to USD\$80,000, payable on closing of the Sale Transaction.

With the closing of the Sale Transaction, Dr. Abid Nazeer and the Practice cease to have any operating relationship with the Company. The Company has agreed to allow the Practice to continue using the

Wesana Clinics brand for a period leading up to November 15, 2022 to effectuate the transition and for no other purpose.

#### *Management Transition*

The Company also announces the departure of Meghna A. Gaeta as Chief Marketing Officer.

"We thank Meghna for her tremendous contributions to the Company and wish her the best in her new ventures," commented Zed Wang, Chief Financial Officer at Wesana. Mr. Wang continued, "Meghna's innovative thinking, expertise in practice growth, and the technology-driven patient experience were instrumental in expanding the Company's marketing function and helped us to bridge the gap between patients and care providers."

#### *Additional Information Concerning the Sale of Clinic Management Services Organization*

The transactions provided by the Sale Agreement and the Letter Agreement (collectively, the "Transactions") may be considered to be "related party transactions" under Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"). APSI (an entity which, to the Company's knowledge, is currently controlled by Dr. Nazeer) may be considered to be a related party (as defined in MI 61-101) to the Company prior to the completion of the Sale Transaction as Dr. Nazeer is a director and senior officer of Advanced Psychiatric Solutions, Ltd., an entity whose operations the Company consolidated into its financial statements, as described within the Company's condensed interim consolidated financial statements for the three and six month periods ended June 30, 2022 (the "Financial Statements"), prior to the completion of the Sale Transaction. Unless there is an exemption, the Company would ordinarily be required to obtain a formal valuation and "minority approval", being approval of disinterested shareholders of the Company, with respect to the Transactions. As reported in the Financial Statements, the Company's accumulated deficit and working capital as of June 30, 2022, as well as a net loss and negative cash flow from operating activities for the reporting period then ended raise significant doubt about the Company's ability to continue as a going concern. The Company is relying on the exemption from obtaining a formal valuation available in section 5.5(b) of MI 61-101 and the exemption from obtaining minority approval available in section 5.7(e) of MI 61-101. The Company meets the requirements set out in section 5.5(b) of MI 61-101 because the Subordinate Voting Shares of the Company are only traded on the facilities of the Canadian Securities Exchange. The Company meets the requirements set out in section 5.7(e) of MI 61-101 based on the board of directors of the Company, acting in good faith, unanimously having determined, and the Company's independent directors (being all the directors), acting in good faith, unanimously having determined, after evaluating the Transactions and the alternatives reasonably available to the Company in the circumstances, that the Company is in serious financial difficulty, that the Transactions are designed to improve the Company's financial position, and that the terms of the Transactions are reasonable in the Company's circumstances. The material change report for the Transactions will not be filed 21 days or more prior to closing, as such transactions were closed upon execution of the related definitive documentation, and until execution and closing, there was no material change that could be disclosed.

ON BEHALF OF THE BOARD

Daniel Carcillo, Chairman and Chief Executive Officer

Phone: 702-329-8038

## **About Wesana Health**

Wesana Health is a data-driven life science company pioneering drug development through its lead candidate SANA-013. Targeting Major Depressive Disorder as the lead indication, SANA-013 utilizes proprietary drug delivery protocols and a novel combination therapy. Wesana is composed of leaders from the scientific, research and medical industries driven by a common goal of improving the lives of millions of people globally suffering from mental health indications.

Learn more at [www.wesanahealth.com](http://www.wesanahealth.com).

## **Cautionary Note Regarding Forward-Looking Information**

This news release contains “forward-looking information” within the meaning of applicable securities laws with respect to the Company, including, but not limited to: the payment by APSI of its obligations under the promissory note issued by APSI to the Company in connection with the Sale Transaction, the satisfaction by the Company of its obligations under the Letter Agreement, the satisfaction of other post-closing obligations by all applicable parties under the terms of the Transactions and any other statement that may predict, forecast, indicate or imply future plans, intentions, levels of activity, results, financial position, operational or financial performance or achievements. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, “will”, “projects”, or “believes” or variations (including negative variations) of such words and phrases, or statements that certain actions, events, results or conditions “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Except for statements of historical fact, information contained herein constitutes forward-looking information. Forward-looking information is not a guarantee of future performance and is based upon a number of estimates and assumptions of management at the date the statements are made.

Although management believes that the anticipated future results, performance or achievements expressed or implied by the forward-looking information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking information because it involves assumptions, known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking information. Certain risk factors include but are not limited to there being no assurance as to the Company’s ability to continue as a going concern; there being no assurance that the net proceeds of the recently completed private placement will be used as currently contemplated by the Company, the allocation and use of which is at the discretion of the Company, or that the Company will achieve the results from the use of such proceeds as currently targeted; the detrimental impact of future losses and negative cash flow from operations; requirements for additional capital; lack of product or service revenue; research and development of drugs targeting the central nervous system being particularly difficult; failure to comply with health and data protection laws and regulations; delays in pre-clinical and clinical testing resulting in delays in commercializing; inability to file investigational new drug applications or clinical trial applications to commence clinical trials in a timely manner; difficulty enrolling patients in clinical trials; competition from

other biotechnology and pharmaceutical companies; violations of laws and regulations resulting in repercussions; psychedelic inspired drugs possibly never being approved as medicines; regulatory or political change; reliance on third parties to plan, conduct and monitor preclinical studies and clinical trials; requirements of commercial scale and quality manufactured drug supply; negative results from pre-clinical and clinical trials or studies of others; unfavourable publicity or consumer perception; not achieving publicly announced milestones; reliance on the capabilities and experience of key executives and scientists; disruptions due to acquisitions or collaborations; risk of product liability claims; COVID-19; litigation; conflicts of interest; limited operating history; general economic, market and business conditions and other risk factors including those found in the Company's management discussion and analysis for the three and six month periods ended June 30, 2022 and the Company's annual information form dated September 3, 2021 filed on the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and discussed in the Company's other public filings available on SEDAR

Forward-looking information is provided and made as of the date of this news release and the Company does not undertake any obligation to revise or update any forward-looking information other than as required by applicable law.

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