

Neural Therapeutics Inc. Announces Letter of Intent with Leading German Hemp-Based Product Retailer "Hanf.com"

Toronto, Ontario--(Newsfile Corp. - October 3, 2024) - Neural Therapeutics Inc. ("**Neural**" or the "**Company**"), an ethnobotanical drug discovery company dedicated to developing therapeutic treatments for mental health conditions related to substance use disorders, is pleased to announce that it has signed a non-binding letter of intent ("**LOI**") to acquire an interest in CWE European Holdings Inc., ("**CWE**" or "**HANF**"), a prominent hemp-based product retailer in Germany. CWE owns and operates both physical and online stores, with 12 locations in the State of Bavaria in Germany under the brand name "**HANF**". Notably, CWE's private label products account for 50% of its offline retail sales.

Ian Campbell, CEO of Neural, stated: "*We are thrilled to embark on this exciting collaboration with the HANF team. CWE's deep expertise in the natural products and holistic treatment space is a perfect complement to Neural's focus on ethnobotanical drug development, especially in the realm of psychoactive plants. We believe this partnership will accelerate our efforts in developing innovative pharmaceutical and nutraceutical products.*"

Aaron Meckler, CEO of HANF, added: "*We are pleased to initiate this collaboration with Neural at a pivotal moment for the German natural health and wellness sector, particularly as recent regulatory changes have created a fertile environment for growth. As our partnership unfolds, we anticipate strong synergies that will drive both companies forward.*"

About HANF

HANF operates 12 physical stores and an e-commerce platform (www.hanf.com) across in the State of Bavaria in the Federal Republic of Germany. CWE's trailing revenue annual revenue is estimated at approximately €5 million its management expects to achieve operating profitability in fiscal 2024. HANF offers a wide range of CBD and private label products sourced from over 40 vendors within the European Union.

As of April 1, 2024 adults can possess up to 25 grams of cannabis and grow a maximum of three plants at home for personal use. And since July 1, 2024 Germany also permitted "cannabis clubs", where up to 500 adults can cultivate and access cannabis. HANF's established brand positions it well for future expansion into regulated cannabis retail dispensaries, creating a strong foundation for revenue growth as federal and state regulations continue to evolve.

Strategic Rationale for the Partnership

The leadership team at HANF brings extensive knowledge of the European natural products space, which aligns with Neural's focus on ethnobotanical drugs, particularly in the realm of psychoactive plants. Research has demonstrated the therapeutic potential of CBD in managing substance use disorders - Neural's main R&D focus. CBD also holds promise for addressing comorbidities often associated with these disorders, offering a novel approach to treatment.

While Neural's core business has centered around pharmaceutical drug development, this partnership presents an opportunity to accelerate the growth of its nutraceutical division. HANF's consumer market expertise and product knowledge will be instrumental in expanding Neural's nutraceutical offerings.

Non-Binding Letter of Intent

Under the terms of the LOI, Neural and CWE intend to enter into agreement or series of agreements

("Definitive Agreement") that will give Neural an option to acquire an interest in CWE as follows:

- *Series A Option* - Neural will have an option to acquire approximately 36% equity interest in CWE in by issuing an aggregate of 80,000,000 common shares in the capital of Neural ("**Neural Shares**"), determined using an exchange ratio ("**Exchange Ratio**") of four Neural Shares for each corresponding share in the capital of CWE ("**CWE Share**")
- *Series B Option* - Neural will have an option to acquire remaining 64% equity interest in CWE, subject to the same Exchange Ratio, with the exact number of Neural securities to be determined in the Definitive Agreement.

Pursuant to the LOI, exercise of the Series A Option by Neural shall be subject to the conditions precedent that include, but are not limited to:

- (a) Neural completing listing ("**Neural Listing**") on the Canadian Securities Exchange ("**CSE**");
- (b) Neural being in good standing under applicable rules and regulations;
- (c) Neural having certain level net working capital;
- (d) Neural and CWE obtaining requisite regulatory approval to exercise the Series A Option;
- (e) number of Neural Shares issued pursuant to exercise of the Series A Option not exceeding 100% of the number of issued and outstanding Neural securities and not otherwise result in the change in voting control of Neural, including without limitation creation of new Control Person (as such term is defined in CSE policies);
- (f) CWE appointing new 2 directors to the board of directors of Neural;
- (g) CWE delivering to Neural unaudited consolidated financial statements of CWE for the nine months ended September 30, 2024 and for the year ended December 31, 2023;
- (h) Consolidated revenues of CWE for the nine months ended September 30, 2024 exceeding CAD\$4,500,000;
- (i) CWE entering into at least one (1) brand licensing agreement with a third-party store;
- (j) CWE delivering to Neural a legal opinion to Neural's satisfaction that operations of CWE and all its subsidiaries are compliant in all material respects with the applicable regulations.

Pursuant to the LOI, exercise of the Series B Option by Neural shall be subject to the conditions precedent that include, but are not limited to:

- (a) The Series A Option must be exercised by Neural;
- (b) Parties obtaining applicable regulatory approvals for exercising the Series B Option
- (c) The Series B Option Agreement must be exercised prior to the date that is 12 months following the date of the Definitive Agreement;
- (d) The board of directors of the entity that will result from the completion of the Series B Option will be comprised of five members, of which four will be nominees of CWE and one of which will be a nominee of Neural
- (e) The final structure of the Series B Option will be subject to receipt of tax, corporate and securities law advice;
- (f) CWE delivering to Neural auditor reviewed consolidated financial statements of CWE for the nine

months ended September 30, 2024 and audited financial statements for the year ended December 31, 2023;

(g) Consolidated revenues of CWE for the nine months ended September 30, 2024 exceeding €3,000,000;

(h) CWE delivering to Neural a legal opinion to Neural's satisfaction that operations of CWE and all its subsidiaries are compliant in all material respects with the applicable regulations;

(i) CWE having no material indebtedness, other than trade payables incurred in the normal course of business; and

(j) CWE achieving the following milestones: (i) completing rebranding of all its existing stores; (ii) updating the interior of the store in Munich Tal; and (iii) open two additional stores in Germany.

Pursuant to the LOI, the Definitive Agreement shall also provide for a mechanism, such that if closing of the Series B Option has not occurred on or before March 31, 2025, the holder of the Securities issued pursuant to the Series A Option, shall have the right to put their securities back to Neural and receive such number of CWE Shares as applicable using the inverse of the Exchange Ratio.

The LOI is intended as an expression of the mutual intention of the Parties to proceed towards settling the Definitive Agreement and is not a binding contract or commitment to consummate the transactions set out in the LOI. Completion of the transactions described herein are subject to a number of conditions, including but not limited to, execution of the Definitive Agreement, completion of satisfactory due diligence, CSE acceptance and receipt of requisite regulatory approvals. Where applicable, the proposed transaction cannot close until the required shareholder approvals, and any ancillary matters thereto, are obtained. There can be no assurance that the transactions will be completed as proposed or at all.

Neither the CSE has in no way passed upon the merits of the proposed transactions and has neither approved nor disapproved the contents of this news release.

Update on CSE Listing

Further to its press release dated May 8, 2024, Neural received conditional approval ("**Conditional Approval**") to Neural Shares on the CSE, contingent upon fulfilling specific requirements such as completing financing of at least \$500,000 and filing the documentation that may be required by the CSE. Neural remains committed to satisfying these conditions promptly and expects to secure final approval in due course. The terms of the Concurrent Financing (as such term is defined in the Neural press release dated May 8, 2024) remain unchanged and Neural continues to work toward completing the Concurrent Financing.

Listing is not conditional on closing of the transactions between CWE and Neural described herein, and the parties do not expect that the Definitive Agreement will be signed, or that the transactions between CWE and Neural will be completed prior to listing.

Further details regarding the CSE Listing, Concurrent Financing, and the partnership between CWE and Neural will be made available via press release and on Neural's website at www.neuraltherapeutics.ca.

Investment in securities of Neural shall be considered highly speculative and anyone considering purchasing such securities should consult their financial advisors and review Neural's SEDAR+ profile.

About Neural

Neural Therapeutics is a pioneering drug discovery company focused on plant-based therapeutics. The company aims to deliver innovative psychedelic-based medicines and natural health products for the treatment of serious mental health conditions. Neural has established a supply chain in Peru to source

certain specimen of mescaline containing cacti, such as the San Pedro cactus and is at the forefront of using ethnobotanical knowledge to create novel treatments for substance use disorders. Neural is advancing research into sub-hallucinogenic doses of mescaline to unlock its therapeutic potential without psychoactive effects.

Neural Therapeutics is an unlisted reporting issuer in the Provinces of British Columbia, Alberta and Quebec.

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