

# PharmaDrug Announces Execution Of an Agreement to Sell Its German Cannabis Asset to Khiron

Toronto, Ontario--(Newsfile Corp. - May 31, 2022) - PharmaDrug Inc. (CSE: PHRX) (OTCQB: LMLLF) ("**PharmaDrug**" or the "**Company**"), is pleased to announce that it has entered into an agreement on May 31, 2022 with Khiron Life Sciences Corp. (TSXV: KHRN) ("**Khiron**") to sell all of the outstanding securities of Pharmadrug Production GmbH, ("**Pharmadrug GMBH**") the Company's wholly-owned German subsidiary, a medical cannabis distributor, with a Schedule I European Union narcotics license and German EuGMP certification allowing for the importation and distribution of medical cannabis to pharmacies in Germany and throughout the European Union (the "**Transaction**").

Under the terms of the share purchase agreement the Company has agreed to sell 100% of the securities of Pharmadrug GMBH for consideration consisting of 5,500,000 common shares in the capital of Khiron and a non-interest bearing promissory note in the principal amount of \$1,100,000 which note will be payable one year from the date of issue. The agreement provides for an adjustment to the purchase price at closing to account for certain payments that may be made between the date of signing of the share purchase agreement and the date of closing.

Daniel Cohen, the Company's Chairman and Chief Executive Officer commented, "We are excited to be entering into this transaction with Khiron as it is a major step towards the company's shift into a pure play biotech strategy. We believe Khiron is perfectly positioned to take full advantage of the asset and believe PharmaDrug should ultimately yield the most value for Pharmadrug Production through and equity ownership in Khiron."

The closing of the proposed Transaction is subject to the satisfaction of customary closing conditions including receipt of all necessary regulatory approvals. The parties are targeting a closing on or before the end of July, 2022. There can be no assurance that the Transaction will be completed as proposed or at all.

## Rationale for the Sale

The decision to sell Pharmadrug Production was driven by two main issues. Firstly, the Board of Directors and Management believes that the cannabis industry is at a point in maturity where critical mass as well as vertical expertise is needed to be able to execute on a successful strategy. Secondly, Pharmadrug production was a cash drag and unlike The Company's biotech efforts, management did not believe the cash burn in the German operations added any value to shareholders.

The Company is of the opinion that Khiron is perfectly positioned to yield the appropriate value from Pharmadrug Production. Khiron has vertical experience in growing and in building and operating medical clinics. A successful strategy in Germany requires a knowledgeable sales force to be able to educate both physicians and patients. Khiron possesses that knowledge and has an active medical sales force. Management believes that by taking an equity position in Khiron, PharmaDrug shareholders have the opportunity to potentially realize further value by being able to participate in the upside that management still expects to arise from a growing cannabis market in Germany as well as Khiron's ability to potentially outperform in said market. Upon closing of the divestiture, PharmaDrug will have exited from the Cannabis Industry and all European operations.

## About PharmaDrug Inc.

PharmaDrug is a specialty pharmaceutical company focused on the research, development and commercialization of controlled-substances and natural medicines such as psychedelics, cannabis and naturally-derived approved drugs. PharmaDrug owns 100% of Pharmadrug Production GmbH

("Pharmadrug Production"), a German medical cannabis distributor, with a Schedule I European Union narcotics license and German EuGMP certification allowing for the importation and distribution of medical cannabis to pharmacies in Germany and throughout the European Union. PharmaDrug owns 100% Sairiyo Therapeutics ("Sairiyo"), a biotech company that specializes in researching and reformulating established natural medicines with a goal of bringing them through clinical trials and the associated regulatory approval process in the US and Europe. Sairiyo is currently developing its patented reformulation of cepharanthine, a drug that has shown substantial third party validated potential for the treatment of infectious disease and rare cancers. Sairiyo is also conducting R&D in the psychedelics space for the treatment of non-neuropsychiatric conditions. The Company also owns 100% of Super Smart, a company building a vertically integrated retail business with the goal to elevate the use of functional mushrooms as natural based medicines.

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Caution Regarding Forward-Looking Information:

THE CANADIAN SECURITIES EXCHANGE HAS NOT REVIEWED NOR DOES IT ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.

*This press release contains "forward-looking information" within the meaning of applicable securities legislation. All statements, other than statements of historical fact, included herein are forward-looking information. Generally, forward-looking information may be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "proposed", "is expected", "budgets", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. In particular, this press release contains forward-looking information in relation to the timing of the closing of the Transaction and the Company's future plans. This forward-looking information reflects the Company's current beliefs and is based on information currently available to the Company and on assumptions the Company believes are reasonable. These assumptions include, but are not limited to the ability of the Company to successfully execute on its plans for the Company and its affiliated entities; the ability to obtain required regulatory approvals and the Company's continued response and ability to navigate the COVID-19 pandemic being consistent with, or better than, its ability and response to date.*

*Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: general business, economic, competitive, political and social uncertainties; general capital market conditions and market prices for securities; the actual results of the Company's future operations; competition; changes in legislation affecting the Company; the ability to obtain and maintain required permits and approvals, the timing and availability of external financing on acceptable terms; lack of qualified, skilled labour or loss of key individuals; risks related to the COVID-19 pandemic including various recommendations, orders and measures of governmental authorities to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, service disruptions, quarantines, self-isolations, shelters-in-place and social distancing, disruptions to markets, economic activity, financing, supply chains and sales channels, and a deterioration of general economic conditions; and a deterioration of financial markets that could limit the Company's ability to obtain external financing.*

*A description of additional risk factors that may cause actual results to differ materially from forward-*

looking information can be found in the Company's disclosure documents on the SEDAR website at [www.sedar.com](http://www.sedar.com). Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking information. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated.

The Company's securities have not been registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or applicable state securities laws, and may not be offered or sold to, or for the account or benefit of, persons in the United States or "U.S. Persons", as such term is defined in Regulations under the U.S. Securities Act, absent registration or an applicable exemption from such registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in the United States or any jurisdiction in which such offer, solicitation or sale would be unlawful.

Forward-looking information contained in this press release is expressly qualified by this cautionary statement. The forward-looking information contained in this press release represents the expectations of the Company as of the date of this press release and, accordingly, are subject to change after such date. However, the Company expressly disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.



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