

**FORM 51-102F3**  
**MATERIAL CHANGE REPORT**

**Item 1. Name and Address of Company**

PharmaDrug Inc.  
2905 - 77 King Street West  
Toronto, Ontario M5K 1H1

**Item 2. Date of Material Change**

July 18, 2023

**Item 3. News Releases**

A news release was issued and disseminated through the facilities of Newsfile Corp. and filed on the System for Electronic Document Analysis and Retrieval ([www.sedar.com](http://www.sedar.com)) on July 18, 2023.

**Item 4. Summary of Material Change**

PharmaDrug Inc. (CSE: PHRX) (OTCQB: LMLLF) ("**Pharmadrug**" or the "**Company**") reached an agreement on July 18, 2023 with PharmaTher Inc. ("**PharmaTher**"), a wholly-owned subsidiary of PharmaTher Holdings Ltd. (CSE: PHRM) (OTCQB: PHRRF), pursuant to which PharmaTher subscribed for 144,117,647 common shares of PharmaDrug's subsidiary Sairiyo Therapeutics Inc. ("**Sairiyo**") for \$300,000. Following the issuance, PharmaTher became a 49% shareholder of Sairiyo.

**Item 5. Full Description of Material Change**

5.1 Full Description of Material Change

See Schedule "A" attached.

5.2 Disclosure for Restructuring Transactions

Not applicable.

**Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102**

The report is not being filed on a confidential basis.

**Item 7. Omitted Information**

No significant facts have been omitted from this report.

**Item 8. Executive Officer**

The following officer of the Company may be contacted for further information:

Daniel Cohen, Chairman & CEO

[dcohen@pharmadrug.co](mailto:dcohen@pharmadrug.co)

(647) 202-1824

**Item 9. Date of Report**

This report is dated this 28<sup>th</sup> day of July, 2023.

## SCHEDULE "A"



### **PharmaDrug Announces Strategic Investment in Sairiyo Therapeutics Inc.**

Toronto, Ontario--(Newsfile Corp. - July 18, 2023) - PharmaDrug Inc. (CSE: PHRX) (OTCQB: LMLLF) ("**PharmaDrug**" or the "**Company**"), announced today that it has reached an agreement yesterday with PharmaTher Inc. ("**PharmaTher**"), a wholly-owned subsidiary of PharmaTher Holdings Ltd. (CSE: PHRM) (OTCQB: PHRRF), pursuant to which PharmaTher will subscribe for 144,117,647 common shares of PharmaDrug's subsidiary Sairiyo Therapeutics Inc. ("**Sairiyo**") for \$300,000. Following the issuance, PharmaTher will become a 49% shareholder of Sairiyo.

Sairiyo plans to use the funds from the investment for the ongoing development of cepharanthine as the company finalizes production of the cGMP batch of PD-001 and prepares it for potential in-human trials. PharmaTher will also provide drug development, regulatory, clinical and scientific expertise for Sairiyo. While cepharanthine is the current prime focus, Sairiyo's combined leadership will continue to develop its psychedelic assets, such as the N,N-Dimethyltryptamine (DMT) glaucoma initiatives and microneedle patch development that PharmaDrug and PharmaTher had already begun collaborating on.

Daniel Cohen, Chairman and CEO of PharmaDrug, commented, "We are extremely excited about PharmaTher's investment into Sairiyo. We believe that aside from the financial contribution, PharmaTher's scientific and overall drug development acumen will provide a synergy that will ultimately yield the best value for shareholders for both the cepharanthine and psychedelic pharmaceutical programs. This investment will enable PharmaDrug to reactivate its program and reaccelerate its cepharanthine development."

In connection with the investment, PharmaDrug and PharmaTher will enter into a unanimous shareholders agreement with respect to their holdings of Sairiyo. The shareholders agreement will provide, among other things, that (i) so long as PharmaDrug owns a majority of the shares of Sairiyo it shall have the ability to appoint the officers of Sairiyo, who shall initially be Daniel Cohen (President and CEO) and Keith Li (CFO); (ii) the board of directors shall be comprised of three members a majority of whom are to be nominated by PharmaDrug for so long as it holds at least 50% of the outstanding shares of Sairiyo, with

the initial board being comprised of Daniel Cohen and Paul McClory (as nominees of PharmaDrug) and Fabio Chianelli (as the nominee of PharmaTher); and (iii) the shareholders shall be entitled to subscribe for new share issuances on a pro rata basis. In the event that PharmaDrug elects not to participate in any new issuance, PharmaTher may increase its ownership from 49% to 51% with an investment of \$250,000. Either side may increase its ownership by 10% for additional \$100,000 investments. Neither side may be diluted beyond a 10% carried interest.

### **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 and previously approved drugs. PharmaDrug owns 51% of 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 (including COVID-19) and rare cancers. Sairiyo is also conducting R&D in the psychedelics space for the treatment of non-neuropsychiatric conditions.

For further information, please contact:

Daniel Cohen, Chairman and CEO

[dcohen@pharmadrug.co](mailto:dcohen@pharmadrug.co)

(647) 202-1824

### ***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 use of proceeds of the strategic investment by an*

*arm's length third party in Sairiyo and the Company's business 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 execute on its plans for the Company and its affiliated entities; and the ability to obtain required regulatory approvals.*

*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.*

*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.*