

PreveCeutical Enters into License Option Agreement with Endosane Pharmaceuticals

Vancouver, British Columbia--(Newsfile Corp. - January 12, 2023) - **PreveCeutical Medical Inc.** (CSE: PREV) (OTCQB: PRVCF) (FSE: 18H) (the "**Company**" or "**PreveCeutical**"), is pleased to announce that it has entered into a License Option Agreement with Endosane Pharmaceuticals GmbH ("**Endosane**"), a subsidiary of Sanity Group, dated January 10, 2023, pursuant to which Endosane has been granted an option to license the sol-gel technology for the delivery of cannabinoid products on an exclusive basis (the "**Option Agreement**").

The purpose of the Option Agreement is for Endosane to evaluate the bioavailability of cannabinoids with the sol-gel technology. It is expected that the use of the technology will result in significantly improved cannabinoid uptake compared to conventional dosage forms. Endosane is currently in phase 2B of a clinical trial program for its cannabinoid pharmaceutical product for schizophrenia treatment.

Endosane is engaged in the discovery, development and commercialization of drugs and pharmaceutical products for the treatment of various indications through direct or indirect targeting of the human endocannabinoid system.

Max Narr, Managing Director of Endosane, commented, "We are very pleased that PreveCeutical Medical has entrusted us with their technology for further targeted investigation. While we will first have to wait and see whether the previous assumptions reflect those results from corresponding studies, we are optimistic that this technology will be a decisive step forward in the development of our drugs."

Stephen Van Deventer, CEO and Chairman of PreveCeutical, commented, "We are confident that the agreement with Endosane will help facilitate our path to commercialization and revenues. Subject to successful evaluation, Endosane will be using PreveCeutical's technology to advance from Phase 2 to Phase 3 of its clinical trial program for its cannabinoid pharmaceutical product for schizophrenia treatment - if successful, we believe this would increase the value of our sol-gel technology and ultimately be beneficial to both companies."

Commercial Terms of the License Option Agreement

Endosane has been, at no charge, granted the exclusive rights to the sol-gel technology for the sole purpose of further analyzing and evaluating the sol-gel technology and its scientific and economic potentials, including to evaluate whether the sol-gel technology is a suitable basis to start developing products utilizing the sol-gel technology, from the date of the Option Agreement to earlier of December 31, 2023, or signing of the license agreement. During the evaluation phase, PreveCeutical is expected to assist Endosane as required for the development of the applicator for the use of the technology.

If the option to license the Sol-Gel technology is exercised, in consideration of the rights granted, the License Agreement is expected to contain certain milestones, as listed below, which will require payments to be made by Endosane to PreveCeutical when each milestone is met and approved. The License Agreement is also expected to include terms relating to **royalty on net sales**.

Upfront Payment. If Endosane exercises the Option, it shall pay the Licensor an amount of one million Euros (EUR 1.000.000). Such amount is payable within thirty (30) days from receipt of a corresponding invoice to be issued by the Licensor, after Endosane has exercised the Option.

Milestone Payment 1. In addition to the upfront payment specified in Section 6.1 hereof and as further consideration for the rights and licenses granted by Licensor to Endosane under this Agreement, Endosane shall pay to Licensor upon the first initiation of a Phase III Clinical Study for a Licensed Product a milestone payment of two million Euros (EUR 2.000.000) ("**Milestone Payment 1**").

Milestone Payment 2. Upon first IND application to the US FDA or similar authority in Canada, Australia or Europe within the Territory by Endosane or its Affiliates for a Licensed Product, Endosane shall pay the Licensor two hundred and fifty thousand Euros (EUR 250.000) ("**Milestone Payment 2**") within thirty (30) days of meeting such Milestone 2.

Milestone Payment 3. Upon first NDA approval by the US FDA or similar authority in Canada, Australia or Europe within the Territory by Endosane or its Affiliates for a Licensed Product, Endosane shall pay the Licensor Euro one million two hundred thousand (EUR 1.200.000) ("**Milestone Payment 3**") within thirty (30) days of meeting such Milestone 3.

Milestone Payment 4. When the First Commercial Sale of a Licensed Product after Regulatory Approval takes place, Endosane shall pay the Licensor a milestone payment of three million Euros (EUR 3.000.000) ("**Milestone Payment 4**") within thirty (30) days of meeting Milestone 4.

About Endosane

Endosane Pharmaceuticals GmbH, a joint venture between an international team of scientists and the Berlin-based health and life science company Sanity Group, develops finished medicinal products for the treatment of neuropsychiatric and psychiatric disorders. To this end, Endosane Pharmaceuticals is systematically researching the endocannabinoid system for its potential to modulate neurophysiological balance. The current drug portfolio contains compounds for the treatment of various indications, including schizophrenia, social anxiety disorder and post-traumatic stress disorder. The international team is led by the renowned German neurologist and psychiatrist Prof. Dr. F. Markus Leweke (University of Sydney), long-time head of the Center of Excellence for Psychiatry and Psychotherapy Research at the Central Institute of Mental Health Mannheim at the Ruprecht-Karls-University Heidelberg. The company, founded in 2020, is based in Berlin. More information at www.endosane.com.

About the Sanity Group

Sanity Group has set itself the goal of improving the quality of life of people through the sensible use of cannabinoids and the use of the endocannabinoid system. In addition to pharmaceuticals, it also focuses on wellbeing and cosmetic products based on cannabinoids. In parallel, Sanity Group is working and researching new medical products, innovative dosage forms, as well as technological products and services to further develop the infrastructure. Sanity Group was founded in 2018 by Finn Age Hänsel and Fabian Friede and now employs a team of over 100 people at its headquarters in Berlin-Mitte, and its research site near Frankfurt am Main. Sanity Group brands include Vayamed (pharmaceuticals), VAAY (CBD products) and This Place (functional cosmetics). More information at www.sanitygroup.com.

About PreveCeutical

PreveCeutical is a health sciences company that develops innovative options for preventive and curative therapies utilizing organic and nature identical products. The Company aims to be a leader in the preventive health sciences sector.

With the completion of three of its research programs, the Company is actively working on the development, clinical trials, and commercialization of its products; and has filed a number of provisional patent applications to protect the intellectual property from its research programs.

For more information about PreveCeutical, please visit our website www.PreveCeutical.com or follow us on [Twitter](#) and [Facebook](#).

On behalf of the Board of Directors of PreveCeutical

Stephen Van Deventer, Chairman and Chief Executive Officer

For further information, please contact:

Stephen Van Deventer: +1 604 306 9669
Or Investor Relations ir@preveceutical.com

Forward-Looking Statements:

This news release contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable Canadian and U.S. securities legislation, including the United States Private Securities Litigation Reform Act of 1995. All statements in this news release that are not purely historical are forward-looking statements and include any statements regarding beliefs, plans, expectations and orientations regarding the future, including, without limitation, statements regarding the timing, completion and the final terms and conditions of a license agreement entered into between the Company and Endosane, the Company's role in the development and testing of products utilizing the sol-gel technology, the continued research interests of PreveCeutical, PreveCeutical's anticipated business plans, and its prospects of success in executing its proposed plans. Often, but not always, forward-looking statements can be identified by words such as "will", "pro forma", "plans", "expects", "may", "should", "budget", "schedules", "estimates", "forecasts", "intends", "anticipates", "believes", "potential", "proposes" or variations of such words including negative variations thereof and phrases that refer to certain actions, events or results that may, could, would, might or will occur or be taken or achieved. Forward-looking statements are based on certain assumptions regarding PreveCeutical, including expected growth, results of operations, including PreveCeutical's research and development activities, performance, industry trends, growth opportunities, that PreveCeutical will be granted requisite expedited approvals by world health, retain and attract qualified research personnel, obtain and/or maintain the necessary intellectual property rights needed to carry out future business activities, and that the benefits and impacts arising from the Option Agreement and the final terms of the license agreement will be consistent with the Company's expectations.

Actual results could differ from those projected in any forward-looking statements due to numerous factors including, risks and uncertainties relating to: the Company's involvement in the development of products utilizing the sol-gel technology, that the Company and Endosane will be unable to agree on terms for a license agreement, that the benefits and impacts arising from the Option Agreement and a license agreement will be consistent with the Company's expectations, complexities and delays in connection with research and development activities and the actual results of research and development activities; the ability of PreveCeutical to, among other things, protect its respective intellectual property, obtain any required governmental, regulatory or stock exchange approvals, permits, consents or authorizations required, including Canadian Securities Exchange acceptance of any planned future activities and obtaining expedited requisite approvals from world health agencies; and the ability of PreveCeutical to commercialize products, pursue business partnerships, complete their research programs as planned, and obtain the financing required to carry out their planned future activities. Other factors such as general economic, market or business conditions or changes in laws, regulations and policies affecting the biotechnology or pharmaceutical industry may also adversely affect the future results or performance of PreveCeutical. These forward-looking statements are made as of the date of this news release and, unless required by applicable law, PreveCeutical assumes no obligation to update the forward-looking statements or to update the reasons why actual results could differ from those projected in these forward-looking statements. Although PreveCeutical believes that the statements, beliefs, plans, expectations, and intentions contained in this news release are reasonable, there can be no assurance that those statements, beliefs, plans, expectations, or intentions will prove to be accurate. Readers should consider all of the information set forth herein and should also refer to other periodic reports provided by PreveCeutical from time-to-time. These reports and PreveCeutical's filings are available at www.sedar.com. Neither the Canadian Securities Exchange (CSE or CNSX Markets), its Regulation Services Provider (as that term is defined in policies of the CSE), nor any other regulatory authority accepts responsibility for the adequacy or accuracy of this release.

Any link in this press release to external information or other resources is provided for reference only, and such information or resources might change from time to time, and may include forward-looking statements as described above, and are subject to the above disclaimers under this heading forward-

looking statements.

Readers are cautioned that forward-looking statements are not guarantees of future performance or events and, accordingly, are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty of such statements.



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