

HLS Therapeutics Completes Merger with Automodular Corporation

HLS Expected to Begin Trading on the TSXV on March 14, 2018

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TORONTO, March 12, 2018 /CNW/ - HLS Therapeutics Inc. ("**HLS**") today announced the completion of the amalgamation of former HLS Therapeutics Inc. and Automodular Corporation ("**AMD**") to form an amalgamated Ontario corporation to be known as "HLS Therapeutics Inc." pursuant to a plan of arrangement (the "**Arrangement**") under section 182 of the *Business Corporations Act* (Ontario). The Arrangement constitutes a Reverse Takeover of AMD pursuant to Policy 5.2 of the TSX Venture Exchange (the "**TSXV**").

Pursuant to the Arrangement, each outstanding former HLS common share was exchanged for one HLS common share ("**HLS Common Share**") and each outstanding AMD common share was exchanged for 0.165834 HLS Common Shares and one HLS preferred share ("**HLS Preferred Share**"); former shareholders of AMD received an aggregate of 2,151,949 HLS Common Shares and 12,976,527 HLS Preferred Shares and former shareholders of HLS received an aggregate of 25,277,997 HLS Common Shares. Upon completion of the Arrangement, former shareholders of AMD held approximately 8% of the outstanding HLS Common Shares and 100% of the outstanding HLS Preferred Shares and former shareholders of HLS held approximately 92% of the outstanding HLS Common Shares.

"This is a proud and exciting day for all of us at HLS," said Greg Gubitz, CEO of HLS. "In just over two years we have assembled an experienced team with a focused strategy, generated solid growth with strong financial margins, and most importantly, we have built a portfolio that is positioned to deliver positive healthcare outcomes and enhance the lives of thousands of patients each day. We believe we have a unique and scalable strategy for building a specialty pharmaceutical company, which by focusing first on the patient will ultimately drive value creation for shareholders and growth opportunity for employees."

The reconstituted Board of Directors of HLS comprises William Wells, Greg Gubitz, J. Spencer Lanthier and Yvon Bastienas well as three new independent directors, Rodney Hill, Don DeGolyer and Daniel Tassé.

The TSXV has conditionally approved the listing of the HLS Common Shares. Final acceptance by the TSXV is subject to HLS fulfilling certain customary conditions, including the filing of final documentation. The HLS Common Shares are expected to commence trading on the TSXV under the symbol "HLS" on March 14, 2018.

Registered shareholders are reminded that, in order to receive the HLS Common Shares and HLS Preferred Shares to which they are entitled in exchange for their common shares of AMD or common shares of former HLS, as applicable, they must complete and sign the applicable letter of transmittal and deliver it, together with the other required documents, to the depositary for the Arrangement, Computershare Investor Services Inc., in accordance with the instructions specified in the applicable letter of transmittal and the joint information circular of AMD and former HLS dated February 5, 2018. Copies of the letters of transmittal were mailed to registered shareholders in February 2018, together with the joint information circular. Additional copies of the letters of transmittal are available by contacting Computershare at corporateactions@computershare.com.

The letters of transmittal are for use by registered shareholders only. Beneficial shareholders that do not have their common shares of AMD or former HLS registered in their name (rather, such shares are registered in the name of a broker or other intermediary) should contact their broker or other intermediary for instructions and assistance regarding receipt of any HLS Common Shares and HLS Preferred Shares to which they are entitled.

About HLS

HLS Therapeutics Inc. is a specialty pharmaceutical company focused on the acquisition and commercialization of late stage development, commercial stage promoted and established stage branded pharmaceutical products in the North American markets. HLS's focus is primarily on products targeting the central nervous system and cardiovascular therapeutic areas. HLS's management team is composed of seasoned pharmaceutical executives with a strong track record of success in these therapeutic areas and at managing products in each of these lifecycle stages.

HLS's management team has executed over US\$8 billion worth of transactions in the specialty pharmaceutical space. The team devised and led the turnaround of Biovail Corporation, at the time Canada's largest publicly traded pharmaceutical company. Over a 24-month period from September 2008 to September 2010, the team sourced and executed nine transactions collectively valued at over US\$1 billion, acquiring late stage development assets, commercial stage drugs, and established stage drugs. This strategy culminated in

Biovail's US\$7 billion merger with Valeant Pharmaceuticals International Inc. in 2010, delivering significant share price appreciation for Biovail's shareholders.

After the Biovail/Valeant merger, the HLS management team determined that an opportunity existed to create a new specialty pharmaceutical company with a similar strategy to the one the team successfully implemented during the turnaround of Biovail.

In June 2015, the management team formed HLS, and shortly thereafter raised US\$385 million and acquired the North American rights to Clozaril®, a commercial stage, promoted product in Canada and an established stage, non-promoted product in the U.S. HLS subsequently acquired the United States marketing rights to a commercial stage product that effectively provide HLS with royalty income based on U.S. sales of the product, and in-licensed two pre-registration stage products for Canada. HLS management believes this portfolio and its related infrastructure form a robust base for the execution of HLS's strategy. It also demonstrates that HLS has the potential to strike a balance between the achievement of significant growth and durable cash flows with the minimization of the excessive cost and uncertainty associated with early stage discovery and R&D. The listing of HLS on the TSXV is the next step in the execution of HLS's strategy and will provide additional strategic tools including enhanced access to capital to support future growth. For more information on HLS, visit www.hlstherapeutics.com.

HLS's Portfolio

HLS's lead product is Clozaril for the Canadian and U.S. markets. In Canada, Clozaril is an atypical antipsychotic indicated in the management of symptoms of treatment resistant schizophrenia in adults over 18 years old. In the U.S., Clozaril is indicated for the treatment of severely ill patients with schizophrenia who fail to respond adequately to standard drug treatment. Clozaril is also indicated in the U.S., for reducing the risk of recurrent suicidal behavior in patients with schizophrenia or schizoaffective disorder who are judged to be at chronic risk for re-experiencing suicidal behavior, based on history and recent clinical state. Clozaril is an established stage product in the U.S. where it is not promoted and is a growing, promoted product in Canada where it is supported by a dedicated sales team and related medical and clinical resources. Effective July 1, 2016, HLS entered into an agreement with Galephar Pharmaceutical Research Inc. for the acquisition of the United States marketing rights to Absorica® which, in effect, provides HLS with royalty income based on U.S. sales of Absorica. Absorica is an established commercial stage dermatology product in the United States market, commercialized by a third-party. In the fall of 2017, HLS entered into two exclusive licensing agreements to register, and distribute in the Canadian territory, two cardiovascular specialty products. HLS anticipates submitting two separate applications for these products to Health Canada in 2018.

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HLS has retained LodeRock Advisors Inc. ("**LodeRock**") for strategic investor relations and capital markets communications services, as previously disclosed. Under the terms of the agreement between HLS and LodeRock, HLS will pay LodeRock a monthly fee of up to C\$10,000 for ongoing services. HLS has also retained Renmark Financial Communications Inc. ("**Renmark**") to provide certain retail investor relations, primarily outreach for HLS with registered investment advisors, effective March 1, 2018. Renmark will continue to provide such services to HLS until August 31, 2018 and thereafter on a monthly basis. HLS will pay Renmark a monthly fee of up to C\$7,000. None of LodeRock, Renmark or their respective principals currently has any direct or indirect interest in HLS securities.

Neither the TSX Venture Exchange nor its regulation services provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

This press release does not constitute an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction.

ANY SECURITIES REFERRED TO HEREIN WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "1933 ACT") AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO A U.S. PERSON IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT.

FORWARD LOOKING INFORMATION

This release includes forward looking information regarding HLS and its business. Such forward looking information is based on the current expectations of HLS's management. Actual results or events may differ materially from the forward-looking information contained in this release as a result of known and unknown risk factors and uncertainties affecting the company, including risks regarding the specialty pharmaceutical industry, the regulatory approval process, economic factors and the equity markets generally. Except as required by applicable securities laws, forward looking information speaks only as of the date on which it is

made and HLS undertakes no obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events, or otherwise.

SOURCE HLS Therapeutics Inc.

For further information: Ross Marshall, Investor Relations, LodeRock Advisors at (416) 526-1563, or ross.marshall@loderockadvisors.com; Gilbert Godin, President and Chief Operating Officer of HLS at (484) 232-3400, ext, 101, or g.godin@hlstherapeutics.com.

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