



Press Release

For Immediate Release

Automodular Corporation Announces Settlement of Claim Against General Motors Company and General Motors of Canada Ltd.

Pickering, February 20, 2018: Automodular Corporation (AM.H-NEX) (“AMD”) is pleased to announce that it has reached a settlement in its legal claim against General Motors Company and General Motors of Canada Limited related to the termination of a contract for sequencing and sub-assembly services, indexed as Ontario Superior Court of Justice Court File No. CV-17-11686-00CL (the “GM Litigation”). Pursuant to the settlement, AMD will receive a payment of \$7 million by March 6, 2018, such payment to be inclusive of all claims made or which could have been made in the GM Litigation, including interest, costs and disbursements.

AMD intends to seek an order dismissing the GM Litigation with prejudice and without costs upon receipt of the settlement funds.

“This is an important milestone for our company, and we are pleased to provide our shareholders certainty in connection with the litigation” said Christopher Nutt, President and CEO of AMD. “As a result of reaching this settlement, we will be facilitating a payout to our shareholders and have achieved closure on a legacy matter”.

As previously announced, AMD has entered into an arrangement agreement (the “Arrangement Agreement”) with HLS Therapeutics Inc. (“HLS”) providing for the amalgamation of HLS and AMD by way of a plan of arrangement (the “Transaction”). The Transaction will be a reverse takeover of AMD by HLS under the rules and policies of the TSX Venture Exchange (“the Exchange”). The Arrangement Agreement provides, among other things, that in the event that any recovery under the GM Litigation is received by AMD prior to closing of the Transaction, AMD and HLS shall use commercially reasonable efforts to amend the Arrangement Agreement and take all such other steps necessary to provide the shareholders of AMD with the benefits of any such recovery.

AMD and HLS expect to enter into an amendment to the Arrangement Agreement as a result of the settlement of the GM Litigation prior to closing of the Transaction to facilitate recovery by AMD shareholders of the settlement proceeds. AMD will disseminate a press release upon execution of such amendment. Notwithstanding such amendment, AMD expects to hold the meeting of AMD shareholders to consider the Transaction on March 6, 2018, as previously announced. Polar Securities Inc., holding approximately 30% of the common shares of AMD, has agreed to vote their eligible securities in favour of the Arrangement, pursuant to a voting support agreement. The board of directors of AMD has unanimously recommended that shareholders of AMD vote in favour of the Transaction, and is pleased that Institutional Shareholder Services Inc. has also recommended the same.

Shareholders who wish to exercise their right to vote by proxy are reminded that they must submit their proxies by March 2, 2018, in accordance with the procedures described in the joint management information circular prepared by AMD and HLS in connection with the Transaction, which has been mailed to shareholders and is available on www.sedar.com.

About AMD

AMD since 1997 provided sequencing and sub-assembly services for modules that were installed in vehicles assembled by North American Original Equipment Manufacturers at plants in Canada and the United States. AMD provided these services to the Ford Motor Company ("Ford") until the completion of the multi-year agreement and its related amendments on December 23, 2014. Following the expiry of AMD's commercial agreement with Ford on December 23, 2014, AMD ceased operations at its two remaining operating facilities in Oakville, Ontario. During the first quarter of 2015 both facilities were returned to the respective landlords. At the current time, AMD has no active operations. The remaining employees have assisted in pursuing the GM Litigation. Both the AMD board of directors and the remaining members of the executive management team have been focused on finding ways to leverage AMD's cash balance and public company listing.

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

Notice on forward-looking statements:

This release includes forward-looking information or forward-looking statements within the meaning of applicable securities laws, which may include, but are not limited to, statements with respect to the settlement of the GM Litigation. Often but not always, forward-looking information can be identified by the use of words such as "expect", "intends", "anticipated", "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would" or "will" be taken, occur or be achieved. Such statements are based on the current expectations and views of future events of the management of AMD, and are based on assumptions and subject to risks and uncertainties. Although management believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and AMD does not undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

For More Information

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