



Press Release



HLS Therapeutics®

For Immediate Release

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Automodular and HLS to Amend Arrangement Agreement to Address Potential Distribution of GM Settlement Proceeds Post-Closing Due to Potential Delay in Receipt of Settlement Proceeds

Amendment Allows Distribution of Additional Escrowed Funds as part of any Post-Closing Distribution of Net Settlement Proceeds

Toronto and Pickering, March 5, 2018: Automodular Corporation (AM.H-NEX) (“AMD”) and HLS Therapeutics Inc. (“HLS”) intend to enter into an amendment (the “**Amendment**”) to the arrangement agreement between AMD and HLS dated December 21, 2017, as amended (the “**Arrangement Agreement**”) in connection with the amalgamation of HLS and AMD by way of a plan of arrangement under the provisions of the *Business Corporations Act* (Ontario) (the “**Arrangement**”) to form a company to be named “HLS Therapeutics Inc.” (the “**Resulting Issuer**”). The Amendment will provide that, if the net settlement proceeds in respect of AMD’s litigation with General Motors (the “**GM Claim**”) are distributed to former shareholders of AMD following the closing of the Arrangement (rather than as part of the Arrangement), the Board of Directors of the Resulting Issuer will have the ability to distribute certain escrowed funds in addition to such net settlement proceeds.

AMD currently believes that the settlement proceeds in respect of the GM Claim may not be received from General Motors on or before March 7, 2018, as would be required under the Arrangement Agreement to effect a distribution of such proceeds as part of the Arrangement, due to a dispute that has arisen as to payment of HST on the settlement proceeds. Unless AMD receives HST on the settlement proceeds from General Motors, AMD will be required to remit a total of \$805,310 of HST out of the \$7 million settlement proceeds. AMD earlier today filed a motion on an urgent basis in the Ontario Superior Court of Justice seeking a declaration that the settlement is exclusive of HST and requiring General Motors to pay HST on the \$7 million settlement amount. A hearing has been set for March 7, 2018.

On February 26, 2018, AMD and HLS announced that, if the settlement proceeds were received on or before March 7, 2018, a distribution of approximately \$6.3 million would be made as part of the Arrangement through a redemption of preferred shares of the Resulting Issuer (each, a “**Resulting Issuer Preferred Share**”) to be issued to AMD Shareholders under the Plan of Arrangement. This distribution amount was calculated based on the expected net settlement proceeds from the GM Claim, together with certain AMD cash on hand that would otherwise be contributed to an escrow account on closing of the Arrangement to fund the litigation of the GM Claim.

In light of the dispute over payment of HST, unless AMD receives settlement proceeds of \$7 million plus HST from General Motors by March 7, 2018, the previously announced redemption of Resulting Issuer Preferred Shares will not occur as part of the closing of the Arrangement and

the distribution of net settlement proceeds will be less than the \$6.3 million amount previously announced.

If the settlement proceeds are received after March 7, 2018, the redemption of the Resulting Issuer Preferred Shares will occur pursuant to the terms of the Resulting Issuer Preferred Shares on or about ten business days following the later of the receipt of the proceeds and the date of completion of the Arrangement. In that case, the Board of Directors of the Resulting Issuer will have the discretion to approve the release of certain funds from escrow to be included as part of the post-closing distribution in addition to the net settlement proceeds.

The Amendment also provides that fractional Resulting Issuer Preferred Shares will not be issued after any redemption of Resulting Issuer Preferred Shares, with any such fractions being rounded to the nearest whole number. The amendment concerning fractional shares was required as the parties have been informed that intermediaries such as CDS and DTC are unable to facilitate fractional shares in their systems.

A copy of the Amendment (which includes the plan of arrangement and the terms of the Resulting Issuer Preferred Shares) 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.

About HLS

Formed in 2015, HLS is a specialty pharmaceutical company focused on the acquisition and commercialization of late stage development, commercial stage promoted and legacy stage managed branded pharmaceutical products in the North American markets. HLS's focus is 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.

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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 completion of the Arrangement, the terms on which the Arrangement is intended to be completed, the ability to obtain regulatory and shareholder approvals and other factors, the settlement of the GM Claim, and the timing of receipt of settlement proceeds and whether such proceeds include HST. 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 HLS, and are based on assumptions and subject to risks and uncertainties. Although management of each entity 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 neither AMD nor HLS undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

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