



KHIRON LIFE SCIENCES ENTERS DEFINITIVE AGREEMENT FOR THE SALE OF ITS EUROPEAN BUSINESS

Toronto, Canada – July 28, 2023 – Further to its news release dated June 5, 2023, Khiron Life Sciences Corp. has entered into a definitive share purchase agreement dated July 28, 2023, with 2518542 Alberta Ltd., a company controlled by Avonlea-Drewry Holdings Inc., for the sale and purchase of the company's European subsidiaries for an aggregate base purchase price of \$3-million, subject to customary closing and postclosing adjustments.

Transaction Details

Pursuant to the terms and subject to the conditions set out in the Definitive Agreement, the Company will sell to the Purchaser all of the issued and outstanding shares of the Company's European subsidiaries, being Khiron Europe GmbH ("Khiron Europe"), Zerenia Clinics Limited ("Zerenia UK"), Khiron Life Sciences Spain SL ("Khiron Spain"), Khiron Life Sciences UK Limited ("Khiron UK") and PharmaDrug Production GmbH ("Pharmadrug", and collectively with Khiron Europe, Zerenia UK, Khiron Spain and Khiron UK, the "Subject Subsidiaries") for an aggregate base purchase price of \$3,000,000 subject to customary closing and post-closing adjustments (the "Purchase Price"). The Purchase Price will be satisfied by way of a paid cash deposit in the amount of \$500,000 (the "Deposit"), and a three year, non-interest bearing vendor takeback promissory note. The Transaction, which is an arm's length transaction, is subject to, among other things, approval from the TSX Venture Exchange ("TSXV") and, in respect of the sale and purchase of the issued and outstanding shares of Pharmadrug, approvals pursuant to the German Foreign Trade and Payments Act and the German Foreign Trade and Payments Regulation (the "Pharmadrug Regulatory Approval"), and other customary conditions of closing. The Transaction is not subject to shareholder approval, and there are no finder's fees payable in connection with the Transaction.

The closing of the Transaction is expected to occur in two stages, whereby the Company and the Purchaser will complete the sale and purchase of all of the issued and outstanding shares of Khiron Europe, Zerenia UK, Khiron Spain and Khiron UK on the first closing date (the "First Closing Date"), and the sale and purchase of all of the issued and outstanding shares of Pharmadrug on the second closing date provided that the Pharmadrug Regulatory Approval is obtained (the "Second Closing Date").

In the event that the Pharmadrug Regulatory Approval is not obtained by November 30, 2023, the Purchase Price shall be reduced in accordance with the terms and conditions of the Definitive Agreement.

In addition, pursuant to the Definitive Agreement, the Purchaser has advanced an aggregate amount of \$1,000,000 (the "Subsidiary Growth Capital"), which will be disbursed to the Subject Subsidiaries as contemplated by a mutually agreed interim operating plan for the Subject Subsidiaries (the "Operating Plan"), unless otherwise agreed to by the Purchaser.

The Deposit and the Subsidiary Growth Capital are secured in favour of the Purchaser by a general security agreement over all of the Company's present and after-acquired property, and the share pledge agreements between the Purchaser and the Company in respect of the shares of Zerenia UK and Pharmadrug (collectively, the "Security").

Closing of the Transaction is subject to, among other things, compliance with all applicable regulatory requirements and receipt of all necessary regulatory, corporate and board approvals being obtained, including the approval of the TSXV and the Pharmadrug Regulatory Approval. There can be no assurance that the Transaction will be completed as proposed, or at all.

A copy of the Definitive Agreement will be filed under the Company's SEDAR profile at www.sedar.com.



Management Agreement

Concurrently with the signing of the Definitive Agreement, the Company, the Purchaser and the Subject Subsidiaries have entered into a management services agreement (the "Management Agreement"), pursuant to which the Purchaser, as manager and independent contractor, will begin to facilitate and oversee the implementation of the Operating Plan in respect of Khiron Europe, Zerenia UK, Khiron Spain and Khiron UK during the interim period between the signing of the Definitive Agreement and the First Closing Date, and in respect of Pharmadrug during the interim period between the signing of the Definitive Agreement and the Second Closing Date. In consideration for the management services to be provided by the Purchaser pursuant to the Management Agreement (the "Services"), each Subject Subsidiary has agreed to pay the Purchaser a management fee equal to the monthly net income of such Subject Subsidiary, as determined in accordance with IFRS, plus the reasonable expenses of the Purchaser in carrying out the Services (collectively, the "Management Fee and Expenses").

In accordance with the terms and conditions of the Management Agreement, the Management Fee and Expenses will be secured by the Security, and guaranteed by the Company until the completion of the sale and transfer of the issued and outstanding shares of each Subject Subsidiary in accordance with the terms and conditions of the Definitive Agreement.

Option Agreement

Pursuant to the Definitive Agreement, the Company, the Purchaser, Khiron Colombia S.A.S. ("Khiron Colombia") and Zerenia S.A.S. ("Zerenia Colombia") have also agreed to enter into an option agreement (the "Option Agreement") on the First Closing Date, pursuant to which Khiron and Khiron Colombia (collectively, the "Optionors") will agree to grant the Purchaser or its affiliate an irrevocable option (the "Option") to require the Optionors to sell all of the issued and outstanding shares of Zerenia Colombia for a purchase price of not more than C\$8.0 million, subject to adjustment, in accordance with the terms and conditions of the Option Agreement and a definitive share purchase agreement to be negotiated in good faith among Khiron, Khiron Colombia, Zerenia Colombia and the Purchaser (the "Zerenia Colombia Purchase Agreement").

In the event that the Option is exercised, further details, including the definitive terms of the Zerenia Colombia Purchase Agreement, will be provided by Khiron in a subsequent news release.

About Khiron Life Sciences Corp.

Khiron is a leading global medical cannabis company with core operations in Latin America and Europe. Leveraging wholly owned medical health clinics and proprietary telemedicine platforms, Khiron combines a patient-oriented approach, physician education programs, scientific expertise, product innovation, and focus on creating access to drive prescriptions and brand loyalty with patients worldwide. The Company has a sales presence in Colombia, Germany, the United Kingdom, Switzerland, Peru, and Brazil. The Company is led by its co-founder and Chief Executive Officer, Alvaro Torres, together with an experienced and diverse executive team and board of directors.

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Cautionary Statement Regarding Forward-Looking Statements

This press release contains “forward-looking information” within the meaning of applicable Canadian securities laws (collectively, “**forward-looking information**”). Forward-looking information are often, but not always, identified by the use of words such as “seek”, “anticipate”, “believe”, “plan”, “estimate”, “expect”, “likely” and “intend” and statements that an event or result “may”, “will”, “should”, “could” or “might” occur or be achieved and other similar expressions. Forward-looking information in this press release includes, without limitation, statements relating to the advance of the Deposit, the proposed sale of Khiron’s European subsidiaries including the negotiation of a definitive purchase agreement for the Proposed Transaction and the satisfaction or repayment of the Deposit.

The forward-looking information is subject to known and unknown risks, uncertainties, and other factors, many of which are beyond the control of management, that may cause actual results to differ materially from those expressed or implied in such forward-looking information. Such risks and uncertainties include but are not limited to the following: the failure of the parties to successfully negotiate a definitive purchase agreement for the Proposed Transaction, the failure to obtain all the required regulatory requirements and approvals including the approval of the TSXV and adverse changes in general economic conditions.

As a result of the foregoing and other risks and uncertainties, readers are cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking information. The forward-looking information contained herein is made as of the date of this press release and is based on the beliefs, estimates, expectations and opinions of management on the date such forward-looking information is made. The Company undertakes no obligation to update or revise any forward-looking information, whether as a result of new information, estimates or opinions, future events or results or otherwise or to explain any material difference between subsequent actual events and such forward-looking information, except as required by applicable law.