

PharmAla Executes Binding Letter of Intent for Formation of Special Purpose Vehicle to Develop Patented Novel MDXX Molecule APA-01

Definitive Agreement Targeted for Execution by June 2026

TORONTO, April 27, 2026 -- PharmAla Biotech Holdings Inc. (CSE: MDMA)(OTCQB: MDXXF) ("PharmAla" or the "Company"), a biotechnology company focused on the research, development, and manufacturing of LaNeo™ MDMA and novel derivatives of MDMA (MDXX class molecules), is pleased to announce that it has executed a binding letter of intent (the "LOI") with a strategic partner, Aluvaris Inc. ("Aluvaris") for the formation and operation of a special purpose vehicle (the "SPV") for the clinical and regulatory development of APA-01 (also known as PharmAla-1 or "P-1"), the Company's patented novel MDXX molecule.

APA-01 is (R)-2-[(2H-1,3-benzodioxol-5-yl)methyl]pyrrolidine, a novel molecule protected by United States Patent No. 12,042,478, with potential therapeutic applications in the treatment of psychological trauma and neurological conditions, including Traumatic Brain Injury and Stroke. APA-01 is part of PharmAla's broader portfolio of novel MDXX class molecules being developed alongside its lead drug candidate, ALA-002, via its Phenese.AI drug discovery platform.

Transaction Overview

Under the terms of the binding LOI, PharmAla and Aluvaris have agreed to form an SPV for the purpose of advancing APA-01 through clinical and regulatory development. The key terms of the arrangement are as follows:

Intellectual Property License. PharmAla will seed the SPV with a global exclusive license to its APA-01 intellectual property portfolio, including all patents, patent applications worldwide, research data, and related know-how (the "PharmAla IP License"). The license will be granted on a conditional basis and will become final and irrevocable upon the SPV's strategic partner successfully meeting the Funding Threshold.

Capital Commitment. Aluvaris has committed to securing seed capital for the SPV (the "Funding Threshold"). The Funding Threshold is a critical condition for the finalization of the PharmAla IP License.

License Fee. Upon the SPV successfully completing a financing event that satisfies the Funding Threshold, the SPV will pay to PharmAla a one-time fee in consideration for the PharmAla IP License. The License Fee is payable within thirty (30) days of the closing of the Funding Threshold.

Royalty. In addition to the License Fee, the SPV and any future assignees of the PharmAla IP will pay to PharmAla a perpetual royalty of three percent (3%) on net sales of any product incorporating or derived from APA-01.

CRO Services. The SPV has retained an experienced Contract Research Organization, Diteba Inc. ("Diteba") to manage the advancement of APA-01 through the clinical and regulatory stages of development. Diteba is a Canadian leader in complex analytical and bioanalytical testing, licensed by Health Canada and registered with FDA as a drug establishment and also licensed to handle controlled drugs and substances. Diteba has exceptional capabilities in GLP drug investigations and will provide analytical and scientific services to the SPV, leveraging its capabilities in complex analytical and bioanalytical testing under GLP and GMP standards.

Good Faith Negotiation and Break Fee. Both parties are bound to negotiate diligently and in good faith toward the execution of a definitive agreement. Either party that withdraws from negotiations will pay the other party a break fee.

Timeline

The parties have agreed to complete due diligence and execute a definitive agreement by June 8, 2026, subject to extension by mutual written agreement. Completion of the definitive agreement is subject to customary closing conditions, including satisfactory completion of due diligence by both parties and receipt of all requisite board, shareholder, and regulatory approvals.

Management Commentary

"This binding LOI represents a significant milestone in PharmAla's strategy of creating value from our intellectual property portfolio beyond LaNeo™ MDMA and ALA-002," said Nicholas Kadysh, CEO of PharmAla Biotech. "APA-01 is a molecule with compelling therapeutic potential, and significant regulatory upside noted in the Executive Order signed by President Donald Trump on April 18th. By partnering with a strategic counterparty that brings capital to the SPV, PharmAla can advance APA-01 while allowing us to devote our resources to our core business assets. The retainer of Diteba by the SPV facilitates the clinical development of APA-01 without diverting PharmAla management and science resources from the development of the balance of its intellectual property portfolio. The terms and structure of the SPV ensure that PharmAla and its shareholders can participate meaningfully in the upside of APA-01's development, while allowing us to maintain our focus and resources on our core LaNeo™ MDMA business and ALA-002 clinical program."

Strategic Rationale

The SPV structure is designed to advance APA-01 through clinical and regulatory development without diluting PharmAla's existing capital resources or diverting management attention from its core business.

About PharmAla

PharmAla Biotech Holdings Inc. (CSE: MDMA) (OTCQB: MDXXF) is a biotechnology company focused on the research, development, and manufacturing of MDXX class molecules, including MDMA. PharmAla was founded with a dual focus: alleviating the global backlog of generic, clinical-grade MDMA to enable clinical trials as well as commercial sales in selected jurisdictions, and to develop novel drugs in the same class. PharmAla is the only company currently provisioning clinical-grade MDMA for patient treatments outside of clinical trials. PharmAla's research and development unit has completed proof-of-concept research into several IP families, including ALA-002, its lead drug candidate. PharmAla is a "regulatory first" organization, formed under the principle that true success in the psychedelics industry will only be achieved through excellent relationships with regulators.

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Neither the CSE nor its Regulation Services Provider have reviewed or accept responsibility for the adequacy or accuracy of this release.

Cautionary Note Regarding Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of applicable securities laws. All statements contained herein that are not clearly historical in nature may constitute forward-looking statements. Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "strategy", "expects" or "does not expect", "intends", "continues", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or may contain statements that certain actions, events or results "will be taken", "will launch" or "will be launching", "will include", "will allow", "will be made" "will continue", "will occur" or "will be achieved". We direct readers to refer to the "Caution Regarding Forward-Looking Statements" contained within the Company's management's discussion and analysis for the period ended February 28, 2026, as filed on Sedar+ www.sedarplus.ca.

Readers are cautioned to not place undue reliance on forward-looking information. Actual results and developments may differ materially from those contemplated by these statements. Although the Company believes that the expectations reflected in these statements are reasonable, such statements are based on expectations, factors, and assumptions concerning future events which may prove to be inaccurate and are subject to numerous risks and uncertainties, certain of which are beyond the Company's control, including but not limited to the risk factors discussed in the Company's management's discussion and analysis, and elsewhere in this press release, as such factors may be further updated from time to time in our periodic filings, available at www.sedarplus.ca, which factors are incorporated herein by reference. Forward-looking statements contained in this press release are expressly qualified by this cautionary statement and reflect the Company's expectations as of the date hereof and are subject to change thereafter. The Company undertakes no obligation to update or revise any forward-looking statements, 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.

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