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# FSD Pharma closes deal and acquires Prismic Pharmaceuticals

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**The FSD Shares issued to the former Prismic shareholders were deposited into escrow at the closing of the Transaction, and are subject to an 18-month staggered release.**



FSD Pharma and Prismic Pharmaceuticals, a US-based specialty R&D pharmaceutical company has announced that, on June 28, 2019, they finalized the acquisition by FSD Pharma of all of the issued and outstanding securities of Prismic

Pursuant to the terms of a previously-announced securities exchange Agreement, FSD Pharma has acquired all outstanding common and preferred shares of Prismic for an aggregate purchase price of approximately US$17.5 million (CAD$23.4 million based on an exchange rate of US$1 to CAD$1.3349), satisfied by the issuance of approximately 102.7 million Class B subordinate voting shares in the capital of FSD Pharma (each, an "FSD Share") at a deemed price of CAD$0.2275 (US$0.1704) per FSD Share. In addition, FSD Pharma has agreed to assume approximately US$3.05 million of outstanding Prismic long- and short-term liabilities. All of the outstanding Prismic stock options and warrants have been converted into options and warrants to purchase FSD shares, with the number and exercise price of such securities having been adjusted in accordance with the exchange ratio under the Agreement.

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FSD Pharma will continue to be led by Raza Bokhari, MD, Executive Co-Chairman & CEO. Zachary Dutton, co-founder of Prismic, will continue to serve as the CEO of Prismic, reporting to Edward Brennan, Jr. MD, FACS, President of the FSD Biosciences Division. Peter Moriarty, co-founder and previous Chairman of the Board of Prismic, has been named Chairman of the newly-formed FSD BioPharmaceutical Industry Advisory Board.

Dr. Raza Bokhari, Executive Co-Chairman and CEO stated, "On behalf of the FSD Pharma shareholders and Board of Directors, it is with immense pleasure that I welcome Prismic shareholders and stakeholders to the FSD Pharma family. Over the past several weeks, Dr. Brennan and our M&A team have worked very closely with the Prismic leadership to finalize this transaction under budget and ahead of schedule. I must commend Dr. Brennan on his laser sharp focus and attention to detail and I must also express my special gratitude to Zach Dutton and Peter Moriarty for their efforts in resolving some outstanding issues to close the transaction."

Dr. Bokhari continued, "The Prismic acquisition represents strategic depth in the vision and mission of FSD Pharma and signals a paradigm shift in the overall outlook of the company. We are relying heavily on the expertise of Dr. Brennan, who is a seasoned pharmaceutical industry veteran with substantial experience from working at Glaxo Smith Kline and Johnson & Johnson to navigate us through the various stages of the FDA approval process for drug development, with the goal of eventually making synthetic cannabinoid prescription medications available for commercial use to help alleviate the pain and suffering of patients. We are confident, Peter Moriarty, another well-known pharmaceutical industry veteran, who was also one of the founders of Shire Pharmaceuticals, will make a meaningful contribution to the FSD Pharma story as the Chairman of the BioPharmaceutical industry advisory board."

FSD Pharma is focused on the research and development of novel cannabinoid-based treatments for several central nervous system disorders, including chronic pain, fibromyalgia and irritable bowel syndrome and on the development of the highest quality indoor grown, pharmaceutical grade cannabis. The Company is licensed to cultivate cannabis in approximately 25,000 square feet.

Prismic is a US-based specialty pharmaceutical company dedicated to addressing the opioid crisis by developing novel non-addictive prescription drugs for the treatment of pain, inflammation, and neurological disorders, based on formulations utilizing the company's micro-PEA development platform (palmitoylethanolamide with particle sizes of 0.6 – 10 microns). Such formulations take advantage of micro-PEA's "synergistic" or "entourage" effect on certain drugs impacting the endocannabinoid system. This means that lower doses of those drugs may be administered together with micro-PEA to achieve the desired therapeutic effect. This includes the potential combination or concomitant use of micro-PEA formulations with drugs such as THC, CBD, certain anticonvulsants, and opioids where studies have indicated opioid-sparing and tolerance delaying properties of micro-PEA may impact the development of dependence in patients. Prismic's first prescription drug candidate, PP-101, a 600 mg tablet of micro-PEA, is anticipated to commence a Phase 2/3 accelerated clinical development program in 2020 as a concomitant medication to be administered with pregabalin (Pfizer's Lyrica®) for the treatment of fibromyalgia.

Prismic was founded by three healthcare industry veterans, Zachary Dutton, Danilo Casadei Massari, and Peter Moriarty, who was also one of the founders of Shire Pharmaceuticals.