

# Pharmadrug Announces Q3 2019 Financial Results

Toronto, Ontario--(Newsfile Corp. - November 29, 2019) - Pharmadrug Inc. (**CSE: BUZZ**) (**OTC: LMLLF**) (the "**Company**" or "**Pharmadrug**"), a leading European medical cannabis distribution company, today announced its financial results for the third quarter ending September 30, 2019. The Company's full Management's Discussion and Analysis ("**MD&A**") is available on SEDAR ([www.sedar.com](http://www.sedar.com)).

"Q3 was Pharmadrug's first full quarter of operations in Germany since acquiring Pharmadrug Production GmbH in May 2019. Since then, we have taken significant measures to scale the Company's foothold in Germany," said Daniel Cohen, Pharmadrug's CEO.

"We eliminated the non-core tender business and focused on growing Pharmadrug's distribution network in the country. We now deal with nearly 100 of Germany's ~20,000 pharmacies and have recently expanded our sales efforts for further scalability. In addition, we have secured two supply agreements for medical cannabis product beginning in Q2 2020. We expect Pharmadrug's German operations to reach profitability in H1 with a surge in growth to begin in the latter half of next year."

Revenue for the Q3 2019 quarter was \$271K with a gross margin of \$67K or 24.5%. Gross margins were tempered in the quarter due to a one-time 20 kg medical cannabis sale at a small margin in effort to create a new relationship and sales channel in the German market. Normalized gross margins of ~40% should return over the coming quarters.

There is also a restatement to Q2 2019 financial statements coinciding with the simultaneous closing of the acquisition and discontinuing of the legacy tender business. There were certain purchases of inventories that were incorrectly recorded in the period. The corrected numbers reflect an increased net loss in Q2 of \$119K.

## About Pharmadrug Inc.

Pharmadrug is building a vertically integrated cannabis business focused on Europe and Israel. The Company (i) owns 80% of Pharmadrug Production GmbH, a German medical cannabis distributor, with a Schedule I European Union narcotics license allowing for the importation and distribution of medical cannabis to pharmacies in Germany and throughout the EU, (ii) owns a convertible note convertible into 54% of the outstanding equity of HolyCanna Ltd., a cultivation and nursery license holder in Israel, and (iii) has an agreement to acquire 57% of CannabiSendak Ltd., the builder of a network of dispensaries in Israel. Additionally, through significant extraction IP, the Company is dedicated to building a high margin, downstream business of end-user products.

## For further information, please contact:

### Daniel Cohen, CEO

[dcohen@pharmadrug.co](mailto:dcohen@pharmadrug.co)

(647) 202-1824

### David Posner, Chairman

(647) 985-6727

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*This news release may contain forward-looking statements and information based on current expectations. These statements should not be read as guarantees of future performance or results of Pharmadrug. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those implied by such statements. Such statements include reference to Pharmadrug's ability to import supply and distribute additional cannabis once available and potential revenue therefrom, the timing of the receipt of the additional cannabis supply coinciding with any changes in the current supply shortages in the German market, Pharmadrug's ability to increase supply of cannabis and expand into additional European Union markets, the roles of Canada and Israel as a major supplier of medical cannabis, and the ability of the Company to building a high-margin, downstream business of end-user products. There is no certainty that any of these events will occur. Although such statements are based on management's reasonable assumptions, there can be no assurance that such assumptions will prove to be correct. We assume no responsibility to update or revise them to reflect new events or circumstances.*

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*Additionally, there are known and unknown risk factors which could cause the Company's actual results, performance or*

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