



PHARMADRUG INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020

PHARMADRUG INC.

Management's Discussion and Analysis

For the three and six months ended June 30, 2020

The following Management's Discussion and Analysis ("MD&A") is current to August 27, 2020, and constitutes management's assessment of the factors that affected the financial condition and operating performance of Pharmadrug Inc. ("Pharmadrug", "We" or the "Company") for the three and six months ended June 30, 2020. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and related notes for the three and six months ended June 30, 2020, as well as the audited consolidated financial statements for the year ended December 31, 2019, prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All figures in this MD&A are reported in Canadian dollars ("\$" or "CAD") unless otherwise stated.

This MD&A contains forward-looking statements that are not historical in nature and involves risks and uncertainties. See "Cautionary Note Regarding Forward-Looking Statements" below.

Additional information relating to Pharmadrug is available on SEDAR at www.sedar.com.

Business Overview

Pharmadrug is focused on building an international network of vertically integrated cannabis assets, through development of a product line of cannabis-infused edible products and oil extracts. Pharmadrug is targeting a potentially high margin downstream business in the legalized medical cannabis sector in Europe.

In May 2019, the Company acquired an 80% equity interest in Pharmadrug Production GmbH ("Pharmadrug GmbH") for a total purchase price of €4.6 million (the "Pharmadrug Acquisition"). Pharmadrug GmbH is a German pharmaceutical cannabis distribution company with over 20 years of operating history, with a Schedule I European Union ("EU") narcotics license allowing for the importation and distribution of medical cannabis to pharmacies in Germany and throughout the EU as markets become legalized (see "Business Acquisitions" for details).

The Company's common shares are listed on the Canadian Securities Exchange under the trading symbol "BUZZ".

The address of the Company's registered office is 77 King Street West, Suite 2905, Toronto, Ontario, M5K 1H1, Canada.

Recent Developments

On April 28, 2020, the Company announced that it intended to rely on the temporary blanket relief for market participants from certain regulatory filings published by Canadian securities regulators on March 23, 2020 as a result of the coronavirus outbreak ("COVID-19"). Accordingly on June 15, 2020, the Company filed its audited consolidated financial statements and MD&A for the year ended December 31, 2019 in accordance with the Ontario Securities Commission Instrument 51-502 Temporary Exemption from Certain Corporate Finance Requirements and similar relief provided by the British Columbia Securities Commission and the Alberta Securities Commission.

On May 15, 2020, David Posner resigned as Director and as the Chairman of Pharmadrug. Daniel Cohen, the Chief Executive Officer ("CEO") of the Company, was elected as Director, assumed the role of Chairman and will hold office until an appointment subject to the provisions of the Company's by-laws.

On May 21, 2020, Howard Brass resigned as Chief Operating Officer ("COO") of Pharmadrug, to pursue other ventures. We thank Mr. Brass for his contributions to the Company.

On June 2, 2020, the Company announced the appointment of Terry Booth as the Chairman of its advisory board focusing on the psychedelic business. Mr. Booth has over 27 years of experience in tightly regulated government industries, and was a founder of Aurora Cannabis Inc. In connection to the appointment, the Company had granted Mr. Booth 5,000,000 stock options which are exercisable for \$0.11 per common share for a term of five years.

PHARMADRUG INC.

Management's Discussion and Analysis
For the three and six months ended June 30, 2020

On June 15, 2020, the Company completed the Super Smart Transaction (as defined hereafter) with Interrobang Ltd. ("Interrobang"), d/b/a as Super Smart ("Super Smart"), an early-stage retail company focused on consolidating the fragmented smartshop market in the Netherlands. The Super Smart Transaction creates an opportunity for the Company to expand and become a leading European retailer of psychedelic products by setting up additional retail locations within the Netherlands (see "Business Acquisitions" for details).

On June 19, 2020, Michael Forbes was appointed to the Board of Directors (the "Board"). For over 15 years, Mr. Forbes had operated a chain of pharmacies through out British Columbia and Alberta, where his experience in pharmacy, clinic and dispensary development fits with the Company's strategy to roll up smart shops in the Netherlands. He replaced Jim Frazier, who stepped down to pursue other ventures.

On July 16, 2020, the Company entered into a share exchange agreement (the "RLH Share Exchange") with Red Light Holland Corp. ("RLH"), an Ontario-based corporation positioning itself to engage in the production, growth and sale of a premium brand of magic truffles to the legal, recreational market within the Netherlands (see "Outlook and Plans" and "Subsequent Events" for details).

On July 21, 2020, Pharmadrug entered into a supply agreement (the "NMC Supply Agreement") with Natural MedCo Ltd. ("NMC"), a Canadian Licensed Producer ("LP") of medical cannabis and a wholly owned subsidiary of Eve & Co Incorporated for bulk and finished EuGMP medical cannabis (see "Subsequent Events" for details).

On August 11, 2020, the Company, through Interrobang, entered into a definitive agreement (the "Target Acquisition") to acquire a retail establishment specializing in the sale of psychedelic products (the "Target Smart Shop") (see "Subsequent Events" for details).

Financing Developments

Debt settlement

On July 9, 2020, the Company announced a series of restructuring on certain of its outstanding indebtedness (the "Restructuring"), with the objective of creating financial flexibility and improving its liquidity position. On July 17, 2020, the Restructuring was completed (see "Subsequent Events" for details).

Bridge loan facility

On July 17, 2020, the Company repaid in full a bridge facility (the "Bridge Loan Facility") from a private lender (the "Lender") (see "Subsequent Events" for details).

Outlook and Plans

Pharmadrug is building a European controlled substances company with a focus on medical cannabis and psychedelics:

- In the medical cannabis side of business, the Company currently sources and wholesales products to pharmacies in Germany with a strategy to launch and develop its own brand of cannabis for distribution in Germany and other legal jurisdictions in the EU; and
- In the psychedelics domain, the Company intends to utilize a unique two-pronged approach: (i) the first approach will be to capitalize on markets in the Netherlands through consolidation of legalized adult-use psychedelic dispensaries; (ii) secondly, as products get developed and achieve regulatory approval or get legalized in jurisdictions across the Eurozone, the Company will seek to utilize its controlled substance import and distribution license to establish a pharmaceutical psychedelic business.

Medical Cannabis

Management's thesis is that the European medical cannabis market will soon command significant attention. Europe is home to more than 740 million people, a population which is more than double that of the United States and Canada combined.

PHARMADRUG INC.

Management's Discussion and Analysis
For the three and six months ended June 30, 2020

Industry analysts expect Europe to be one of the largest consumers of medical cannabis around the world in the coming decade.

The nascent German cannabis market continues to grow at a fast pace and social acceptance is gaining momentum. Recently, it was widely reported that Angela Merkel, Chancellor of Germany and her ruling Christian Democratic Union Party, is considering introducing legislation allowing adult-use of marijuana. The country's drug commissioner, Daniela Ludwig, has also expressed a more liberal view on cannabis policy. This is occurring on a backdrop where all other major political parties in Germany already have internal policies that are friendlier to cannabis.

While adult-use cannabis legislation in Germany is not guaranteed, and if it was introduced could be years away, it is evident that social acceptance of cannabis is growing in the country. As in Canada, this evolution is a fundamental precondition for market growth to continue and even accelerate.

As Pharmadrug continues to develop business in Germany, management believes that the Company will see significant growth in 2020 and 2021. A new sales team was put in place in late 2019 that began to execute on a new strategic plan. The Company has grown its Bedrocan business, and the number of pharmacies in its distribution network had more than tripled this year to over 300. However, as Bedrocan's supply is becoming increasingly limited, it has served as an impediment to growth. The second quarter of 2020 saw more volatility in sales volume as the Company frequently ran out of inventory and had to wait longer for smaller shipments from the Netherlands. Demand is currently outstripping supply. The Company believes it already has enough of a distribution network to achieve profitability, but needs to secure more sources to satisfy demand.

The COVID-19 pandemic has called into question the ability to bring German inspectors to Canada to GMP-certify cultivation facilities. As a result, the Company has decided to source supply from cultivators who already have EuGMP. On July 21, 2020, Pharmadrug entered into the NMC Supply Agreement with NMC, a Canadian cultivator who already has already achieved EuGMP certification. The Company has already started working towards registering the strains and adding them to our license. The plan is to ship the product from Canada in bulk and to package it in Germany under our own brand. We expect to begin shipments before the end of the year with first sales expected in the first quarter of 2021.

In order to address short-term needs for additional supply, the Company had been working on a second wholesale source of cannabis directly from another LP for products under their brand. Unfortunately, we were not able to come to terms that made sense for Pharmadrug and we have ended discussions. The Company has also been working on sourcing product from within the Eurozone. Management was in advanced discussions with two emerging LP operating out of Denmark, but is still trying to determine if they can produce the type of end product that suits the Company's needs. We have also recently begun discussions with producers in both Spain and Portugal.

Psychedelics

The Company intends to utilize a unique two-prong approach, capitalizing on markets in the Netherlands through "smart shop" consolidation and the entire EU by way of Pharmadrug's controlled substance import and distribution license.

On June 15, 2020, the Company closed the Super Smart Transaction and is looking to consolidate the fragmented smartshop market in the Netherlands. Smartshops are retail establishments in the Netherlands that specialize in the sale of psychoactive substances including psychedelic truffles, the hardened masses of mycelium that grow underground. This variety of magic mushrooms has psilocybin and is legal in the Netherlands. Super Smart will seek to acquire smartshops and deploy disciplined business expertise, retail best practices and consistent branding across multiple locations to capture in market share and improve margins in this rapidly growing segment.

There are roughly 100 smartshops currently spread throughout the Netherlands with an annual market value of approximately €100 million. Unlike coffee-shops, they have a legal framework that allows them to sell entheogenic plants, which are plants containing substances that have hallucinogenic properties. The bulk of what is sold in smartshops are truffles that contain psilocybin, the active component of "magic" mushrooms.

PHARMADRUG INC.

Management's Discussion and Analysis

For the three and six months ended June 30, 2020

Using the Netherlands as the initial geographic focus, the Company will establish a business that is firmly driven by retail revenue. Due to the fragmented nature of the stores currently in existence, there is little brand loyalty and no clear vision across various storefronts. The industry is ripe for consolidation. Furthermore, the recent COVID-19 lockdowns have put many of the independent store owners in a position where they are motivated to sell. Super Smart's goal will be to purchase approximately ten smart shops within the first 12 months of operation, rebranding them under their "Slim" concept store identity, "Slim Winkel" being the Dutch word for Smartshop.

Super Smart will look to acquire shops spread out across the country, sharing the focus on both the tourist consumer and also local residents. This means establishing shops in more populous urban centers like Amsterdam and Rotterdam, but also spreading to border towns that attract customers from various geographic locations. Cities with big student populations are also important to Super Smart's retail positioning and strategy.

Branding and unity will be key as this will allow Super Smart to create a unified story that brings together all retail locations and patrons, creating a community and imbuing a sense of brand loyalty into customers. Consolidation will increase margins by negotiating better discounts on inventory at larger volumes. By eventually adding an online component through a digital marketplace, Super Smart will look to further increase its customer base and grow revenues. Pharmadrug will use the model to eventually expand into other countries and regions as they legalize.

The Company recently announced that it has entered into the Target Acquisition to purchase the Target Smart Shop, which is located in the Town of Tiel, a municipality in central Netherlands. The Target Acquisition would serve as an initial platform for Super Smart to build out and refine its new smart shop vision and a springboard to develop its brand and operations. The agreement follows Super Smart's strategy of targeting stores that have experienced some distress due to the recent COVID pandemic. As such, the acquisition price was quite modest and we believe that transaction price, related costs and initial investment will be less than material and can easily be funded with cash on hand.

In connection with the Target Acquisition, Super Smart has identified and retained both a retail manager who will oversee the first store's operations and a country manager who will assist in finding and integrating additional locations throughout the Netherlands into a centralized operation. Upon closing of the Target Acquisition, the Target Smart Shop will be renovated and rebranded to reflect Super Smart's vision for the optimal retail environment for psychedelics. Moreover, Super Smart will initiate an analytical process to assess and optimize the Target Smart Shop's supply chain, logistics and product offering. Overall, these efforts will form the basis upon which Super Smart will create the necessary management controls and systems to rapidly scale across multiple retail locations.

The Company is in discussion with three other stores. All of these stores are more substantial in size. Management believes it made more sense to first target a smaller store so we can focus on building the foundation of the chain and set the Company up for scalability.

For several strategic reasons, Pharmadrug entered into the RLH Share Exchange. The two companies recognize the complimentary nature of their respective business models in the Dutch psychedelic market and will seek to collaborate on strategic initiatives. RLH's strategy to be a premier grower of psychedelic truffles with microdose packaging fits well with Super Smart's vision of elevating the Smart Store experience by introducing new products and an educational approach. Together, the two companies plan to develop and foster a new market segment that seeks to use psilocybin to either attempt to potentially treat medical conditions holistically or to increase cognitive performance. On a combined basis, they can better execute on educating the market and increasing the profile of psychedelics and psilocybin in the Netherlands at first followed by other markets as they.

PHARMADRUG INC.

Management's Discussion and Analysis

For the three and six months ended June 30, 2020

Overall Performance

Selected financial information

The Company's selected financial information as at the end of the reporting period and for the three most recently completed financial years ended December 31, are summarized as follows:

	2019	2018	2017
	\$	\$	\$
Sales revenue	610,576	-	-
Gross profit	253,255	-	-
Operating expenses	(5,346,850)	(950,525)	(795,257)
Other expenses	1,888,228)	(418,991)	(116,357)
Reverse takeover acquisition costs	-	(2,142,633)	-
Net loss from continuing operations	(6,981,823)	(3,512,149)	(911,614)
Net loss on discontinued operations	-	(373,375)	(243,726)
Net loss and comprehensive loss	(7,202,028)	(3,941,780)	(1,151,323)
Total assets	10,378,485	1,062,312	936,873
Total liabilities	5,920,388	1,552,632	1,579,422
Shareholders' equity (deficiency)	2,977,966	(490,320)	(642,549)

Selected quarterly financial results

Selected financial information for the eight most recently completed quarters as follows:

	Q2 2020	Q1 2020	Q4 2019	Q3 2019
	\$	\$	\$	\$
Sales revenue	192,328	178,615	37,918	271,291
Operating expenses	(1,357,397)	(643,044)	(2,976,638)	(435,813)
Other income (expenses)	(289,991)	379,790	(1,189,935)	(89,816)
Net loss	(1,598,452)	(224,945)	(3,736,706)	(458,961)
Loss per share – basic and diluted	(0.017)	(0.003)	(0.029)	(0.006)
	Q2 2019 ¹	Q1 2019	Q4 2018	Q3 2018
	\$	\$	\$	\$
Sales revenue	301,367	-	-	-
Operating expenses	(1,356,126)	(578,273)	(439,165)	(355,250)
Other expenses	(1,207,955)	(291,506)	(92,085)	(2,298,219)
Net loss	(2,364,613)	(869,779)	(677,885)	(2,880,209)
Loss per share – basic and diluted	(0.034)	(0.024)	(0.135)	(0.135)

Financial Results for the three months ended June 30, 2020

Results of operations

During Q2 2020, the Company recorded total sales revenue of \$192,328 (Q2 2019 – \$301,367) and cost of goods sold of \$143,392 (Q2 2019 – \$101,899), for a gross profit of \$48,936 (Q2 2019 – \$199,468) from shipments of cannabis products to pharmacies through out Germany. As compared to the first quarter of the year (“Q1 2020”), the Company had increased its sales from \$178,615, for a quarter-to-quarter increase of approximately 7.7%. However, the Company also experienced relatively more volatile sales volume in the current quarter, as the Company frequently ran out of inventory due to demand which outstripped supply, especially on shipments from the Netherlands.

¹ For comparative purposes, certain figures had been adjusted to reflect year-end adjustments which would have retroactively impacted the results of operations for Q2 2019. The adjustments between amounts previously reported and amounts restated had no material effect on the statements of cash flows and working capital of the Company.

PHARMADRUG INC.

Management's Discussion and Analysis

For the three and six months ended June 30, 2020

In Q2 2020, the Company incurred total operating expenses of \$1,357,397, as compared to total operating expenses of \$1,356,126 in the comparative period. While the total operating expenses were virtually unchanged, the composition of expenses is quite different. Significant variances in operating expenses are comprised primarily of:

- Decrease of \$51,651 in management, consulting fees and salaries to \$129,606 (Q2 2019 – \$181,257) where the majority was attributed to the German operations, for the staff and sales force with Pharmadrug GmbH. The decrease was also partly due to the fact that certain officers of the Company had agreed to waive their consulting fees for services provided to the Company since Q4 of 2019, due to a lack of working capital available at the time.
- Decrease of \$163,777 in professional fees to \$443,427 (Q2 2019 – \$607,204) where significant savings had been made on legal fees and other consulting fees. In Q2 2019, the Company was preoccupied with closing multiple financings while trying to complete negotiations on the Pharmadrug Acquisition. Meanwhile, accounting and audit fees for services provided year to date, which are also included in professional fees, are in line with the comparative period's amounts, with the exception of a merger and acquisition ("M&A") success fee of over \$200,000 being recorded in the current quarter (Q2 2019 – \$nil).
- Decrease of \$84,518 in travel and promotional expenses to \$8,884 (Q2 2019 – \$93,402). As business had now been firmly established in Germany and also due to travel restrictions imposed by the COVID-19 pandemic, travel needs had been drastically reduced. Similarly, due to the recent shortage of funds, the Company had also done little lately in terms of any promotional activities on the operations. In the comparative period, significant efforts were made by the CEO and the former COO over negotiations on the Pharmadrug Acquisition and for marketing and promoting the Company for past cannabis projects in Israel; offset by
- Total amortization of \$302,733 recorded on property and equipment and intangible assets of Pharmadrug GmbH (Q2 2019 – \$nil).

The Company also recognized share-based compensation of \$447,100 (Q2 2019 – \$451,754) on options granted during the quarter. The options vested immediately, and the entire grant date fair value had been recognized as an expense. In the comparative period, non-cash share-based compensation of \$451,754 was recognized due to fair value adjustments on issuance of new shares for services and vesting of options.

During Q2 2020, the Company also incurred other non-cash expenses, but much less than the comparative period. Finance costs, comprising interest and accretion on convertible debentures, the promissory notes (the "Notes") and loans payable, totaled \$124,199 (Q2 2019 – \$249,190). In relation to a share exchange transaction (the "Share Exchange Agreement") with FSD Pharma Inc. ("FSD") (see "Share Exchange Agreement" for details), the Company recorded an unrealized loss of \$890,984 on the fair value decrease of the FSD shares in Q2 2019.

Net loss for the three months ended June 30, 2020 was \$1,598,452, as compared to a net loss \$2,364,613 in Q2 2019. Net loss attributable to shareholders of Pharmadrug for Q2 2020 was \$1,520,664 (loss of \$0.017 on a basic and diluted basis), as compared to a net loss \$2,377,341 attributable to shareholders of Pharmadrug (loss of \$0.034 on a basic and diluted basis) for Q2 2019.

Cash flows

Net cash used in operating activities for Q2 2020 was \$447,686, as compared to net cash used in operating activities of \$1,813,853 in Q2 2019, for a decrease of \$1,366,167. Due to a shortage of funds experienced from late 2019 which had only been alleviated recently, the Company had tightened its cash spending while management was looking for ways to obtain new sources of funds. In contrast, the Company spent significantly more in Q2 2019, as it was gearing at the time for a European expansion.

Net cash provided by financing activities for Q2 2020 was \$210,598, as compared to net cash provided by financing activities of \$5,446,001 in Q2 2019, for a decrease of \$5,235,403. In the current period, the Company received funds of \$480,000 from Interrobang prior to the closing of the Super Smart Transaction, while repaying in full a secured private loan for \$258,897 including accrued interest to an arm's length third-party. On the other hand, the capital market was much more robust a year earlier. In Q2 2019, net cash provided from financing activities was \$5,446,001, mainly comprised of

PHARMADRUG INC.

Management's Discussion and Analysis

For the three and six months ended June 30, 2020

\$2,756,900 proceeds raised from private placement financings, and proceeds of \$3,000,000 received from the Bridge Loan Facility.

Net cash provided by investing activities for Q2 2020 are in the form of total cash of more than \$2.1 million acquired on the amalgamation with Interrobang, as compared to net cash used in investing activities of \$3,423,250 in Q2 2019. In Q2 2019, the use of funds was primarily attributed to advances of \$4,041,748 made for the Pharmadrug Acquisition, which was offset by cash of \$618,498 acquired upon closing.

Financial Results for the six months ended June 30, 2020

Results of operations

During the six months ended June 30, 2020, the Company recorded total sales revenue of \$370,943 (2019 – \$301,367) and cost of goods sold of \$283,698 (2019 – \$101,899), for a gross profit of \$87,245 (2019 – \$199,468) from shipments of cannabis products to pharmacies through out Germany. As compared to the comparative period in 2019, sales had been steadily climbing over time, with the new sales team which had been assembled since late 2019.

During the six months ended June 30, 2020, the Company incurred total operating expenses of \$2,000,441, as compared to total operating expenses of \$1,934,399 in the comparative period. While the total operating expenses were virtually unchanged, the composition is quite different. Significant variances in operating expenses are comprised primarily of:

- Decrease of \$147,715 in management, consulting fees and salaries to \$228,542 (2019 – \$376,257) where the majority was attributed to the German operations, for the staff and sales force with Pharmadrug GmbH. The decrease was also partly due to the fact that certain officers of the Company had agreed to waive their consulting fees for services provided to the Company since Q4 of 2019, due to a lack of working capital available at the time.
- Decrease of \$220,849 in professional fees to \$570,446 (2019 – \$791,295) where significant savings had been made on legal fees and other consulting fees. In the first half of 2019, the Company was preoccupied with closing multiple financings while trying to close the negotiations on the Pharmadrug Acquisition. Meanwhile, accounting and audit fees for services provided for the first half of 2020, which are also included in professional fees, are in line with the comparative period's amounts, with the exception of a one-time M&A success fee of over \$200,000 being recorded in the current quarter (2019 – \$nil).
- Decrease of \$201,864 in travel and promotional expenses to \$16,138 (2019 – \$218,002). As business had now been firmly established in Germany and also due to travel restrictions imposed by the COVID-19 pandemic, travel needs had been drastically reduced. Similarly, due to the recent shortage of funds, the Company had also done little lately in terms of any promotional activities on the operations. In the comparative period, significant efforts were made by the CEO and the former COO over negotiations on the Pharmadrug Acquisition and for marketing and promoting the Company for past cannabis projects in Israel; offset by
- Increase of \$98,015 in office and general expenses to \$99,927 (2019 – \$1,912) as with the presence of the oversea operations, the Company had continued to see a higher rise of general and administrative expenses, in comparison to the corporate side in Canada.
- Total amortization of \$616,468 recorded on property and equipment and intangible assets of Pharmadrug GmbH (2019 – \$nil).

During the six months ended June 30, 2020, the Company also recognized share-based compensation of \$450,518 primarily from options granted during the period. As options vested immediately, the entire grant date fair value had been recognized as an expense. In the comparative period, non-cash share-based compensation of \$508,153 was recognized due to fair value adjustments on issuance of new shares for services and vesting of options.

During the six months ended June 30, 2020, the Company generated non-cash other income of \$89,799 versus total non-cash other expenses of \$1,499,461 incurred in 2019. Finance costs, comprising interest and accretion on convertible debentures, the Notes, and loans payable, totaled 229,235 (2019 – \$288,301). In relation to the FSD Share Exchange (defined hereafter), the Company recorded a realized gain of \$741,375 (2019 – \$nil), and an unrealized loss of \$440,052

PHARMADRUG INC.

Management's Discussion and Analysis
For the three and six months ended June 30, 2020

(2019 – \$890,984) upon the disposition of certain FSD shares for \$741,375 which was applied as a partial repayment on the Bridge Loan Facility. The large difference in other income (expenses) is also attributed to a fair value change of the derivative liabilities resulted in a loss of \$166,243 in the comparative period in 2019, as the fair value of the derivative liability on the remaining Series B unsecured debentures issued on December 22, 2017 increased during the period.

Net loss for the six months ended June 30, 2020 was \$1,823,397, as compared to a net loss \$3,234,392 in the comparative period in 2019. Net loss attributable to shareholders of Pharmadrug for the period year-to-date was \$1,654,805 (loss of \$0.021 on a basic and diluted basis), as compared to a net loss attributable to shareholders of Pharmadrug of \$3,247,120 (loss of \$0.057 on a basic and diluted basis) in the comparative period in 2019.

Cash flows

Net cash used in operating activities for the six months ended June 30, 2020 was \$597,527, as compared to net cash used in operating activities of \$2,279,300 in the comparative period, for a decrease of \$1,681,773. Due to a shortage of funds experienced from late 2019 which had only been alleviated due to the recent Restructuring, the Company had tightened its cash spending while management was looking for ways to obtain new sources of funds. In contrast, the Company spent significantly more in 2019, as it was gearing at the time for a European expansion.

Net cash provided by financing activities for the six months ended June 30, 2020 was \$450,390, as the Company primarily received funds of \$480,000 from Interrobang prior to the closing of the Super Smart Transaction. On the other hand, the capital market was much more robust a year earlier. In the comparative period in 2019, net cash provided from financing activities was \$9,530,254, which was mainly comprised of gross proceeds of \$6,464,100 raised from various private placement financings, proceeds of \$3,000,000 received from the Bridge Loan Facility and advances of \$600,000 received on the Notes.

Net cash provided by investing activities for the six months ended June 30, 2020 are in the form of total cash of more than \$2.1 million acquired on the amalgamation with Interrobang. In the comparative period in 2019, net cash provided by investing activities was \$6,616,960. The use of funds was primarily attributed to advances of \$7,101,848 made for the Pharmadrug Acquisition, which was offset by cash of \$618,498 acquired upon closing.

Working Capital and Liquidity Outlook

The Company's objective when managing its liquidity and capital resources is to maintain sufficient liquidity to support financial obligations when they come due, while executing operating and strategic plans. The Company manages liquidity risk by monitoring its operating requirements and preparing budgets and cash flow forecast to identify cash flow needs for general corporate and working capital purposes, as well as for expansion initiatives.

As at June 30, 2020, the Company had current assets of \$2,379,630 (December 31, 2019 – \$340,934), including cash of \$2,163,368 (December 31, 2019 – \$73,677) to settle current liabilities of \$4,002,017 (December 31, 2019 – \$4,320,092), for a working capital deficiency of \$1,622,387 (December 31, 2019 – working capital deficiency of \$3,979,158).

The Company currently has no regular cash flows from operations, and the level of operations is principally a function of availability of capital resources. The primary source of funding has been through the completion of private placement financings of equity securities and convertible debentures. Going forward, the Company will have to continue to rely on equity or debt financings for its working capital requirements, or to restructure its debt level. There is no guarantee that the Company will be able to successfully complete such financings, as market conditions and business performance may dictate availability and interest.

Management is actively monitoring cash forecasts and managing performance against its forecasts. With the closing of the Super Smart Transaction, the Company now has access to more than \$2.1 million of funds available at its disposal, pursuant to funds raised by Interrobang prior to the Super Smart Transaction. Nevertheless, management will continue to look for new sources of financing in the next 12 months, to fund its working capital to advance the Company's operations.

PHARMADRUG INC.

Management's Discussion and Analysis

For the three and six months ended June 30, 2020

Subsequent to period-end, the Company completed the Restructuring in order to improve its solvency and liquidity position. With the completion of the Restructuring, management believes there is sufficient capital to meet short-term business obligations, after taking into account cash flows requirements from operations and the Company's cash position as at period-end.

Capital Management

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the development of its planned business activities. The Board of the Company does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In order to carry out the planned business activities and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company considers its capital to be shareholders' equity, which is comprised of share capital, equity component of convertible debentures, reserves for share-based payments and warrants, accumulated other comprehensive loss and accumulated deficit. As at June 30, 2020, the Company's capital consisted of an equity attributable to the shareholders of Pharmadrug Inc. of \$7,794,688 (December 31, 2019 – equity attributable to the shareholders of Pharmadrug Inc. of \$2,977,966).

The Company's objective when managing capital is to obtain adequate levels of funding to support its business activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the development of its business. The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements and issuance of convertible debentures. There can be no assurance that the Company will be able to continue raising capital in this manner.

The Company is not subject to externally imposed capital requirements.

Key Management Personnel Compensation and Related Party Transactions

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

Key management personnel compensation

The remuneration of directors and other members of key management personnel during the six months ended June 30, 2020 and 2019 were as follows:

	2020	2019
	\$	\$
Consulting fees	-	150,000
Professional fees	45,000	80,000
Share-based compensation	-	16,421
	45,000	246,421

During the six months ended June 30, 2020, Daniel Cohen, the CEO of the Company, did not charge the Company for services provided to the Company (2019 – \$60,000). As at June 30, 2020, \$62,150 (December 31, 2019 – \$65,606) owing to the CEO was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand. Subsequent to period-end, the Company settled the amount owed to the CEO in conjunction of the Restructuring (see "Subsequent Events" for details).

PHARMADRUG INC.

Management's Discussion and Analysis
For the three and six months ended June 30, 2020

During the six months ended June 30, 2020, Howard Brass, the former COO of the Company, also did not charge the Company for services provided to the Company up to his resignation on May 21, 2020 (2019 – \$60,000). As at June 30, 2020, \$67,659 (December 31, 2019 – \$62,150) owing to the former COO was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand. Subsequent to period-end, the Company settled the amount owed to the former COO in conjunction of the Restructuring (see “Subsequent Events” for details).

During the six months ended June 30, 2020, the Company incurred professional fees of \$45,000 (2019 – \$80,000, including billings on certain services provided from 2017 and up to the RTO Transaction on 2018), from Branson Corporate Services Ltd. (“Branson”), where Keith Li, the Chief Financial Officer (“CFO”) and Corporate Secretary of the Company is employed. Branson is party to a management services agreement, for providing CFO services to the Company, as well as other accounting and administrative services. As at June 30, 2020, \$73,582 (December 31, 2019 – \$70,620) owing to Branson was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

During the six months ended June 30, 2019, David Posner, the former Chairman of the Company, charged consulting fees of \$30,000 for services provided to the Company. As at June 30, 2020, \$77,950 (December 31, 2019 – \$77,950) owing to the former Chairman was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand. Subsequent to period-end, the Company settled the amount owed to the former Chairman of the Company in conjunction of the Restructuring (see “Subsequent Events” for details).

Share-based compensation

On January 17, 2019, the Company granted 200,000 options to Joel Freudman, a former director of Pharmadrug. The options vested immediately on grant, and the grant date fair value of \$16,421 attributable to these options was recorded as share-based compensation during the six months ended June 30, 2019. On August 14, 2019, these options were cancelled.

Notes payable

On January 28, 2019, the CEO and the former COO had advanced \$200,000 each to the Company under the Notes. As at June 30, 2020, the total outstanding balance owing to the CEO and the former COO under the Notes was \$536,774 (December 31, 2019 – \$488,774), including accrued interest of \$136,774 (December 31, 2019 – \$88,774). The Notes are payable on demand. Subsequent to period-end, the Company settled the Notes. Subsequent to period-end, the Company settled the amount owed to the CEO in conjunction of the Restructuring (see “Subsequent Events” for details).

Financial Instruments Risks

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, receivables and note receivable, which expose the Company to credit risk should the borrower default on maturity of the instruments. Cash is held with reputable chartered banks in Canada and Germany, and in trust with the Company's legal counsel. Management believes that the credit risk concentration with respect to financial instruments included in cash and other receivables is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities.

As at June 30, 2020, the Company had a cash balance of \$2,163,368 (December 31, 2019 – \$73,677) to settle current liabilities of \$4,002,017 (December 31, 2019 – \$4,320,092).

PHARMADRUG INC.

Management's Discussion and Analysis
For the three and six months ended June 30, 2020

As at June 30, 2020, the Company had the following contractual obligations:

	Less than 1	1 to 3 years	3 to 5 years	Total
	\$	\$	\$	\$
Accounts payable and accrued liabilities	1,464,168	-	-	1,464,168
Loans payable	1,232,958	-	-	1,232,958
Notes payable	805,161	-	-	805,161
Convertible debentures – current	450,277	-	-	450,277
Convertible debentures	-	1,125,372	-	1,125,372
Total	3,952,564	1,125,372	-	5,077,936

The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows for a rolling period of 12 months to identify financial requirements. Where insufficient liquidity may exist, the Company may pursue various debt and equity instruments for short or long-term financing of its operations.

Subsequent to period-end, the Company completed the Restructuring in order to improve its solvency and liquidity position. With the Restructuring in place, management believes there is sufficient capital to meet short-term business obligations, after taking into account cash flows requirements from operations and the Company's cash position as at period-end.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's loans payable, notes payable and convertible debentures have fixed interest rates. As at June 30, 2020, the Company had no hedging agreements in place with respect to floating interest rates.

Foreign exchange risk

Foreign exchange risk is the risk that the Company will be subject to foreign currency fluctuations in satisfying obligations related to its foreign activities. The Company has operations in Europe where there are financial instruments and transactions denominated in foreign currencies, notably in EUR. The Company's primary exposure to foreign exchange risk is that transactions denominated in EUR may expose the Company to the risk of exchange rate fluctuations.

Fair value

Fair value estimates of financial instruments are made at a specific point in time based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values. The Company's financial instruments consist of cash, other receivables, note receivable, other investments, accounts payables, loans payable, notes payable, lease payable and convertible debentures. The fair value of cash, other receivables, note receivable, other investments, accounts payables, loans payable, notes payable, lease payable and convertible debentures are approximately equal to their carrying value due to their short-term nature.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2020, the Company's financial instruments carried at fair value consisted solely of cash, which have been classified as Level 1. There were no transfers between Levels 2 and 3 for recurring fair value measurements during the six months ended June 30, 2020.

PHARMADRUG INC.

Management's Discussion and Analysis
For the three and six months ended June 30, 2020

Significant Accounting Judgments and Estimates

The preparation of the Company's unaudited condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. These estimates are reviewed periodically, and adjustments are made as appropriate in the period they become known. Items for which actual results may differ materially from these estimates are described as follows:

Going concern

At each reporting period, management exercises judgment in assessing the Company's ability to continue as a going concern by reviewing the Company's performance, resources and future obligations.

Business combination

In a business acquisition, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the acquisition date at their respective fair values. The date on which the acquirer obtains control of the acquiree is generally the date on which the acquirer legally transfers the consideration, acquires the assets and assumes the liabilities of the acquiree – the closing date. However, the acquirer might obtain control on a date that is either earlier or later than the closing date. Management exercises judgment in considering all pertinent facts and circumstances in identifying the acquisition date.

Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgment. Whether an acquisition is classified as a business combination or asset acquisition can have a significant impact on the entries made on and after acquisition. In determining the fair value of all identifiable assets, liabilities and contingent liabilities acquired, the most significant estimates relate to contingent consideration and intangible assets. Management exercises judgement in estimating the probability and timing of when earn-outs are expected to be achieved which is used as the basis for estimating fair value. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

Fair value of financial assets and financial liabilities

Fair value of financial assets and financial liabilities on the unaudited condensed interim consolidated statements of financial position that cannot be derived from active markets, are determined using a variety of techniques including the use of valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. Judgments include, but are not limited to, consideration of model inputs such as volatility, estimated life and discount rates.

Estimated useful lives, amortization of property and equipment and amortization of intangible assets

Amortization of property and equipment is dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts which take into account factors such as economic conditions, market conditions and the useful lives of assets.

Amortization of intangible assets is dependent upon estimates of useful lives and residual values which are determined through the exercise of judgment. Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions.

PHARMADRUG INC.

Management's Discussion and Analysis
For the three and six months ended June 30, 2020

Intangible assets

Purchased intangible assets are recognized as assets in accordance with IAS 38 – Intangible Assets, where it is probable that the use of the asset will generate future economic benefits and where the cost of the asset can be determined reliably. Intangible assets acquired are initially recognized at cost of purchase and are subsequently carried at cost less accumulated amortization, if applicable, and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. Supply relationships, licenses and permits have a useful life estimated to be five years.

Determination of cash generating units

For the purpose of impairment testing, assets that cannot be tested individually are grouped at the lowest levels for which there are largely independent cash inflows. The Company determines which groups of assets (each a “Cash-Generating Unit” or a “CGU”) can generate cash flows that are largely independent of other operations within the Company. Management exercises judgment in assessing where active markets exist including an analysis of the degree of autonomy each operation has in negotiating prices with customers. The Company has identified the German subsidiary as a separate CGU, based on the nature of the business and the assessment that the CGUs generate cash flows that are largely independent of the cash flows from other assets deployed in the Company.

Impairment

Long-lived assets, including property and equipment and intangible assets, are reviewed for indicators of impairment at each reporting period or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

Goodwill

Goodwill is tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of goodwill has been impaired. In order to determine if the value of goodwill has been impaired, the CGU or group of CGUs to which goodwill has been allocated must be valued using present value techniques. The Company assesses impairment by comparing the recoverable amount of a long-lived asset, CGU, or CGU group to its carrying value. The recoverable amount is defined as the higher of: (i) value in use; or (ii) fair value less cost to sell. The determination of the recoverable amount involves significant estimates and assumptions. When applying this valuation technique, the Company relies on a number of factors, including historical results, business plans, forecasts and market data. Changes in the conditions for these judgments and estimates can significantly affect the assessed value of goodwill.

Warrants and options

Warrants and options are initially recognized at fair value, based on the application of the Black-Scholes valuation model. This pricing model requires management to make various assumptions and estimates which are susceptible to uncertainty, including the expected volatility of the share price, expected forfeitures, expected dividend yield, expected term of the warrants or options, and expected risk-free interest rate.

Income taxes

Income taxes and tax exposures recognized in the unaudited condensed interim consolidated financial statements reflect management's best estimate of the outcome based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability. The difference between the expected amount and the final tax outcome has an impact on current and deferred taxes when the Company becomes aware of this difference.

In addition, when the Company incurs losses that cannot be associated with current or past profits, it assesses the probability of taxable profits being available in the future based on its budgeted forecasts. These forecasts are adjusted to take account

PHARMADRUG INC.

Management's Discussion and Analysis
For the three and six months ended June 30, 2020

of certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate the sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Expected credit losses on financial assets

Determining an allowance for expected credit losses for all debt financial assets not held at fair value through profit or loss ("FVTPL") requires management to make assumptions about the historical patterns for the probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management's judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest.

Summary of Significant Accounting Policies

The accounting policies applied in the Company's unaudited condensed interim consolidated financial statements of are the same as those applied in its audited consolidated financial statements as at and for the year ended December 31, 2019, unless otherwise noted below. For a summary of significant accounting policies adopted by the Company, please refer to Note 3 of Pharmadrug's audited consolidated financial statements for the year ended December 31, 2019.

(a) Adoption of New Accounting Standards

The Company adopted the following new standards and amendments, effective January 1, 2020. These changes were made in accordance with the applicable transitional provisions:

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

IAS 1 and IAS 8 were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The Company had assessed that the adoption of these amendments did not have any material impact on its unaudited condensed interim consolidated financial statements.

Conceptual Framework

On March 29, 2018, the IASB issued its revised Conceptual Framework for Financial Reporting. The revised Conceptual Framework does not constitute a substantial revision from the previously effective guidance, but does provide additional guidance on topics not previously covered such as presentation and disclosure. This amendment is effective on January 1, 2020. The Company had assessed that the adoption of the revised Conceptual Framework did not have any material impact on its unaudited condensed interim consolidated financial statements.

(b) Recent Accounting Pronouncements

At the date of authorization for the Company's unaudited condensed interim consolidated financial statements, the IASB and the IFRIC have issued the following amendment which is effective for annual periods beginning on or after January 1, 2020:

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after

PHARMADRUG INC.

Management's Discussion and Analysis

For the three and six months ended June 30, 2020

January 1, 2022. The Company is currently assessing the impact that the adoption of new standards or amendments will have on its unaudited condensed interim consolidated financial statements.

Business Acquisitions

Pharmadrug Acquisition

On February 27, 2019, the Company entered into a definitive share purchase agreement (the "Share Purchase Agreement") to acquire an 80% ownership in Pharmadrug GmbH, for a final purchase price of €4.6 million settled in cash (\$7,101,848). The seller, Anquor Pharmaceuticals Ug ("Anquor"), retains a 20% interest in Pharmadrug GmbH.

In addition, the Company had advanced €400,000 (approximately \$601,520) to Pharmadrug GmbH as a shareholder loan to assist the German subsidiary to maintain appropriate levels of working capital. The Share Purchase Agreement provides that Anquor will be entitled to receive an earn-out payment of €400,000 if the total revenues of the pharmaceutical tender business of Pharmadrug GmbH for the 2019 financial year are 90% or more of the total revenues of that business segment for the 2018 financial year. The earn-out, if any, will be due and payable to Anquor on March 1, 2020. As at December 31, 2019, the earn-out had not been achieved. Thus, no pay-out has been made.

On May 17, 2019 (the "Acquisition Date"), the Company completed the Pharmadrug Acquisition. Goodwill of \$4,605,861 is not tax deductible and was recognized due to the expected synergies from combining operations of the Company and Pharmadrug GmbH. The Company determined that the Pharmadrug Acquisition was a business combination in accordance to the definition of IFRS 3 – Business Combination ("IFRS 3"), and as such, has accounted for it in accordance with this standard, with the Company being the acquirer on the Acquisition Date.

The following table sets forth the allocation of the purchase price to the assets acquired, based on estimates of fair value:

Purchase Price Consideration Paid	
	\$
Cash	7,101,848
Non-Controlling Interest	
	\$
Non-Controlling interest	1,729,370
Net Identifiable Assets Acquired	
	\$
Cash	618,498
Other receivables	1,161,325
Inventories	15,327
Prepaid expenses and other assets	25,979
Property and equipment, including ROU assets	135,245
Intangible assets	
Supply relationship	406,026
Licenses and permits	5,714,440
Accounts payable and accrued liabilities	(120,296)
Leases payable	(118,140)
Income tax payable	(228,811)
Other liabilities	(1,468,556)
Provisions	(1,504)
Deferred tax liabilities	(1,914,176)
Total net identifiable assets acquired	4,225,357
Goodwill	4,605,861

PHARMADRUG INC.

Management's Discussion and Analysis
For the three and six months ended June 30, 2020

Super Smart Transaction

On May 25, 2020 and as amended on June 12, 2020, the Company entered into a definitive agreement (the "Amalgamation Agreement") with Super Smart, pursuant to which Pharmadrug will acquire all of the issued and outstanding shares of Super Smart, to be effected by way of a three-cornered amalgamation between Pharmadrug, Super Smart and a wholly owned subsidiary of Pharmadrug (the "Super Smart Transaction"). Following completion of the Super Smart Transaction, Interrogang d/b/a Super Smart will become a wholly owned subsidiary of Pharmadrug. Pursuant to the terms of the Amalgamation Agreement, each issued and outstanding share of Super Smart will be exchanged for one common share in the capital of Pharmadrug.

On June 15, 2020 (the "Super Smart Transaction Date"), the Super Smart Transaction closed. Pursuant to the terms of the Super Smart Transaction, each Super Smart share, warrant, or finder's warrants was exchanged for one equivalent security in the capital of Pharmadrug. Super Smart previously issued on May 23, 2020, 2,500 subscription receipts (the "Debentures Subscription Receipts") for an outstanding principal amount of \$2,500,000 of senior secured convertible debentures (the "Super Smart Debentures"). Each Debentures Subscription Receipt entitles the holder to receive, without payment of any additional consideration or further action, and subject to adjustment, one 12% senior secured Super Smart Debenture automatically immediately prior to the completion of the Super Smart Transaction.

The Company determined that the Super Smart Transaction was a business combination in accordance to the definition of IFRS 3, and as such, has accounted for it in accordance with this standard, with the Company being the acquirer on the Super Smart Transaction Date.

The following table sets forth the allocation of the purchase price to the net identifiable assets acquired, based on estimates of fair value. The allocation is subject to adjustments, specifically related to the valuation of goodwill acquired:

Purchase Price Consideration Paid	
	\$
Fair value of common shares issued ⁽ⁱ⁾	2,860,000
Fair value of warrants issued ⁽ⁱⁱ⁾	1,531,974
Less: Effective settlement of an existing promissory note ⁽ⁱⁱⁱ⁾	(80,000)
	4,311,974
Net Identifiable Assets Acquired	
	\$
Cash	2,191,952
Sales tax receivable	5,616
Advances	400,000
Accounts payable and accrued liabilities	(25,020)
Debentures Subscription Receipts	(2,500,000)
Deferred tax liability	(67,164)
Total net identifiable assets acquired	5,384
Goodwill	4,306,590

Consideration paid consisted entirely of shares and warrants of the Company which were measured at the estimated fair value on the date of the Super Smart Transaction, as follows:

- (i) The fair value of the 44,000,000 common shares, issued to former Super Smart shareholders, was determined to be \$2,860,000 based on the closing share price of Pharmadrug on the Super Smart Transaction Date on June 15, 2020.
- (ii) The estimated fair value of the 32,000,000 warrants and 3,478,400 finders' warrants as consideration are based on Black-Scholes with the following assumptions: current stock price – \$0.065 per share, expected dividend yield –

PHARMADRUG INC.

Management's Discussion and Analysis

For the three and six months ended June 30, 2020

0%, expected volatility – 100%, risk-free interest rate – 0.27%, and an expected life of 2.99 – 3 years. In making the assumptions for expected volatility, the Company used the estimated average volatility of the cannabis industry.

- (iii) At the time of the Super Smart Transaction, a non-interest-bearing promissory note of \$80,000 was owed by Pharmadrug to Super Smart. As a result of the Super Smart Transaction, the pre-existing relationship is effectively settled. Consideration transferred was reduced for the effective settlement of the promissory note due to Super Smart.

Share Exchange Agreement

On April 17, 2019, Pharmadrug entered into the Share Exchange Agreement with FSD, whereby, among other things, FSD issued 13,181,019 FSD Class B Subordinate Voting Shares (the “FSD Shares”) valued at \$3 million to the Company in exchange (the “FSD Share Exchange”) for 13,562,387 Pharmadrug common shares (“Pharmadrug Shares”) valued at \$3 million. The FSD Shares were collateralized by the Company against a Bridge Loan Facility received from the Lender.

The Company classifies the FSD Shares at FVTPL, with gains and losses recorded in the unaudited condensed interim consolidated statements of loss and comprehensive loss.

The Share Exchange Agreement governing the FSD Share Exchange contains adjustment provisions that depend on the price of the FSD Shares at the end of the statutory hold period. If the volume weighted average trading price of FSD Shares is lower than the issuance price as of the hold period expiry date, FSD will issue the Company additional number of FSD shares.

On August 19, 2019, the statutory hold period on the FSD Shares under the Share Exchange Agreement ended, and the FSD Shares were sold for \$1,374,715, which was applied as a partial repayment on the Bridge Loan Facility. A realized loss of \$1,625,285 was recorded on the disposition of the FSD Shares.

On September 19, 2019, FSD issued an additional 12,440,298 common shares of FSD (the “FSD Additional Shares”) to the Company as part of the make-whole provision, subject to the applicable statutory hold period. As the FSD Additional Shares were under the make-whole provision, they were assigned a cost of \$nil. Upon the expiry of the statutory hold period on the FSD Additional Shares, the Company may sell the FSD Additional Shares for gross proceeds that would be further used to repay the outstanding balance of the Bridge Loan Facility.

On October 11, 2019, FSD completed a consolidation of its Class A Multiple Voting Shares and the FSD Shares, each on a 1 to 201 basis (the “Consolidation”). As at December 31, 2019, the Company held a position of 61,892 post-Consolidation FSD Additional Shares measured at a fair value of \$440,052. For the year ended December 31, 2019, the Company had recorded an unrealized gain of 440,052 on the FSD Additional Shares.

On January 13, 2020, the remaining 61,892 post-Consolidation FSD Additional Shares were sold for proceeds of \$741,375 and were applied as a partial repayment on the Bridge Loan Facility. For the six months ended June 30, 2020, a realized gain of \$741,375 (2019 – \$nil), and an unrealized loss of \$440,052 was recorded on the disposition of the FSD Additional Shares (2019 – unrealized loss of \$890,984 due to fair value decrease of the FSD Shares).

Bridge Loan Facility

On May 9, 2019, the Company received a \$3 million Bridge Loan Facility from the Lender, for which the proceeds were applied on closing of the Pharmadrug Acquisition. The Bridge Loan Facility bears interest at a rate of 18% per annum and matures on September 24, 2019. To secure the Bridge Loan Facility, the Company: (i) entered into a general security agreement with the Lender, (ii) granted the Lender exclusive control over the FSD Shares, and (iii) granted the Lender a power of attorney or trading authority in respect of the securities of FSD.

On August 19, 2019, the FSD Shares were sold for \$1,374,715 and the proceeds were applied as a partial repayment on the principal amount of the Bridge Loan Facility.

PHARMADRUG INC.

Management's Discussion and Analysis

For the three and six months ended June 30, 2020

On October 3, 2019, the Bridge Loan Facility was amended to extend the maturity for a further six months to March 24, 2020 (the "Extended Maturity Date"). In connection to the Extended Maturity Date, the Company also agreed to pay the Lender a restructuring fee of \$180,000 (the "Restructuring Fee"), payable in cash or in shares at the option of the Lender, and to also issue to the Lender additional shares having a value equal to 20% of the net proceeds from the sale of the FSD Additional Shares based on Pharmadrug's share price. As at June 30, 2020, the Restructuring Fee was included in accounts payable and accrued liabilities.

On January 13, 2020, the remaining 61,892 post-Consolidation FSD Shares were sold for \$741,375 and the proceeds were further applied as a partial repayment on the principal amount of the Bridge Loan Facility.

As at June 30, 2020, the total outstanding balance under the Bridge Loan Facility was \$1,232,958 (December 31, 2019 – \$1,889,819), including accrued interest of \$349,047 (December 31, 2019 – \$264,544). The remaining principal amount and accrued interest on the Bridge Loan Facility is due and payable in full by the Company on demand.

Subsequent to period-end, the Company settled in full all outstanding balances under the Bridge Loan Facility through a combination of cash payment and issuance of common shares of the Company (see "Subsequent Events" for details).

Contingencies

The Company's cannabis operations are subject to a variety of local regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations in that specific state or local jurisdiction. In Germany, the legalization of medical cannabis in March 2017 gave rise to a formal medical cannabis program nationwide. However, Germany does not currently have a legally permissible adult-use, or recreational cannabis market.

While management believes that the Company is in compliance with applicable local and state regulations as at June 30, 2020, cannabis regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

Provisions

The Company may, from time to time, be subject to various administrative, regulatory, and other legal proceedings arising in the ordinary course of business. Liabilities associated with legal proceedings are recorded when (i) the liabilities are a result of a past event, (ii) it is probable that an outflow of resources will be required to settle the obligations, and (iii) a reliable estimate can be made of the amount of obligation.

As at June 30, 2020, the Company had recorded provisions on the following claims:

On August 20, 2019, THoR Beteiligungen GmbH ("THoR") incorrectly transferred an amount of €6,804 to Pharmadrug GmbH's business account and subsequently demanded its repayment. On October 22, 2019, Pharmadrug GmbH declared that the Company would offset this amount against a counterclaim against THoR, which subsequently issued a notice of assignment, according to which the claim had been assigned to Pharmadrug International GmbH ("Pharmadrug International") on September 27, 2019. Pharmadrug International has since filed a claim for repayment of a mismatch transfer against Pharmadrug GmbH for the same amount. As at June 30, 2020, the Company had recorded a provision of approximately \$10,414 (€6,804) for the potential damages it is expected to pay out.

On February 21, 2020, Thor Investments GmbH ("Thor Investments") filed a lawsuit with Pharmadrug GmbH for a repayment of a loan in the amount of €34,222 plus interest. The loan with Thor Investments dates back to March 2019. As at June 30, 2020, the Company had recorded a provision of approximately \$52,377 (€34,222) for the potential damages it is expected to pay out.

PHARMADRUG INC.

Management's Discussion and Analysis
For the three and six months ended June 30, 2020

Commitments

Share exchange agreement

On April 17, 2019, the Company entered into the Share Exchange Agreement with FSD. As part of the Share Exchange Agreement, Pharmadrug and FSD entered into a consulting agreement whereby the Company will assist FSD with obtaining EuGMP certification at the existing licensed facility of FSD. Pharmadrug GmbH also entered into a 5-year supply agreement (the "FSD Supply Agreement") with FSD whereby, upon proper EuGMP certification, Pharmadrug GmbH will commit to purchase a total of 1,000 kilograms ("kg") over the first two years of Canadian produced cannabis product from FSD at a price of \$7.00 per gram FOB Germany (subject to downward adjustment should market exigencies dictate), provided that the product is saleable in the German market. The FSD Supply Agreement calls for Pharmadrug GmbH to commit to purchase 1,000 kg per year for an additional three years at a price to be mutually determined by both parties at that time.

Supply agreements

On September 19, 2019, the Company, through Pharmadrug GmbH, entered into a multi-year supply agreement (the "My Green Fields Supply Agreement") with Israel-based My Green Fields Ltd. ("My Green Fields"). Beginning the five-year supply agreement, the medical cannabis product will consist initially of dry flower and complemented soon after by oils and extracts, all sold under Pharmadrug's own 'Cannabion' brand. Terms for the first year are 500 kg of dry flower or oil equivalent at €4.00 per gram. In the ensuing years, Pharmadrug will have access to up to two tons of dry flower or oil equivalent per year at market-determined or mutually agreed upon prices. The supply will initially consist of high THC strains which comprises the majority of the demand for medical cannabis in Germany. The parties have also agreed to plan on importing high CBD/trace THC strains for other Eurozone countries that are CBD-only jurisdictions. Under the My Green Fields Supply Agreement, Pharmadrug will assist My Green Fields to meet EuGMP standards, German regulatory approvals, and registration requirements.

On October 31, 2019, the Company through Pharmadrug GmbH, entered into a multi-year supply agreement (the "Canada House Supply Agreement") with Canada House Wellness Group Inc. ("Canada House"). Under the Canada House Supply Agreement, all medical cannabis will be sold through Pharmadrug's own 'Cannabion' brand. Terms for the first year are 250 kg of dry flower or oil equivalent with a right of first refusal on another 250 kg at €4.00 per gram. Minimum quantities for the second year are 500 kg of dry flower or oil equivalent with a right of first refusal on another 500 kg. In following years, the Company will have access to up to 3,000 kg of dry flower or oil equivalent per year at mutually agreed upon prices.

Canada House's wholly owned subsidiary Abba Medix Corp. ("Abba") has a 22,000 square foot cultivation facility in Pickering, Ontario that received its Canadian Sales License on October 1, 2019. The Company will sponsor Abba in getting EuGMP certification and will also assist Abba in registering its strains with German regulators.

Off-Balance Sheet Arrangements

As at June 30, 2020 and the date of this MD&A, the Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the results of operations or financial condition of the Company.

Subsequent Events

Empower Promissory Note

On July 16, 2020, Empower Healthcare Assets Inc. ("Empower") settled an overdue balance of \$205,032 under the Promissory Note issued to Pharmadrug on the acquisition of Pharmadrug's 30% interest in the Sun Valley Clinics back in April 2019. In conjunction to a private placement offering which closed on July 16, 2020, Empower issued 4,100,634 units ("Empower Units") at a price of \$0.05 per Empower Unit to the Company. Each Empower Unit is comprised of one common share in the capital of Empower, and one common share purchase warrant exercisable at \$0.12 per warrant, expiring on July 16, 2022.

PHARMADRUG INC.

Management's Discussion and Analysis
For the three and six months ended June 30, 2020

RLH Share Exchange

On July 16, 2020, the Company entered into the RLH Share Exchange with RLH. Under the terms of RLH Share Exchange, the Company issued 9,333,333 Units to RLH at a price of \$0.075 per Unit, and RLH issued 4,242,424 units (the "RLH Units") to Pharmadrug. Each Unit is comprised of: (i) one common share of Pharmadrug, (ii) 0.9 of a Warrant exercisable into one common share of the Company at a price of \$0.13 for 48 months from issuance of the Warrants, and (iii) 0.1 of a Warrant exercisable into one common share at a price of \$0.08 for 48 months from issuance of the Warrants.

Each RLH Unit is comprised of one common share in the capital of RLH (a "RLH Share") and one RLH share purchase warrant (a "RLH Warrant"). Each RLH Warrant entitles the Company to purchase one additional RLH Share at an exercise price of \$0.26 for 48 months from issuance of the RLH Warrant, subject to an accelerated expiry option.

In addition, RLH subscribed for additional Units valued at \$200,000, at a price of \$0.075 per Unit. Each Unit is comprised of one common share of the Company and one Warrant exercisable into one common share at a price of \$0.08 for 48 months from issuance of the Warrants.

Bridge Loan Settlement

On July 17, 2020, the Company repaid the full balance of the Bridge Loan Facility through a combination of cash payment and issuance of common shares of the Company.

A cash payment of \$1,481,158 was made to settle the total outstanding principal balance of \$883,910, accrued interest of \$356,561, the Restructuring Fee, related fees and expenses, and any harmonized sale tax ("HST") outstanding under the Bridge Loan Facility.

The Company also issued 9,566,014 common shares to satisfy in full other fees negotiated between the Company and the Lender, including:

- 2,965,499 common shares issued for a fee of \$148,275 (the "4-Month Hold Inducement Fee").
- 385,515 common shares issued for \$19,275 in relation to the HST amount on the 4-Month Hold Inducement Fee.
- 5,500,000 common shares issued in full satisfaction of an advisory fee of \$275,000 (the "Advisory Fee") in relation to a previously entered advisory agreement; and
- 715,000 common shares issued \$33,750 in relation to the HST amount on the Advisory Fee.

Restructuring

On July 17, 2020, the Company completed the Restructuring on certain of its outstanding indebtedness.

Under the terms of the Restructuring, (i) \$400,000 principal amount of the unsecured convertible debentures issued back in October 2018, plus accrued interest of \$66,411, and (ii) \$400,000 principal amount of the Notes owing to the CEO and an arm's length third-party plus accrued interest of \$139,209, were exchanged for an aggregate of \$1,005,620 principal amount of 12% convertible debentures (the "Replacement Debentures") maturing on July 17, 2023. The Replacement Debentures are convertible into Units at the holder's option at a deemed price of \$0.05 per Unit. Each Unit is comprised of one common share and one-half (1/2) of a Warrant exercisable into one common share at \$0.07 per share at any time on or before July 17, 2023.

The remaining \$200,000 principal amount of the Notes owing due to the former COO, plus accrued interest of \$69,604, along with other total obligations of \$452,250, including amounts of \$62,150 and \$77,950 owed to the CEO and the former Chairman, respectively, were exchanged for Units at a deemed price of \$0.05 per Unit. Each Unit is comprised of one common share and one-half (1/2) of a Warrant exercisable into one common share at \$0.07 per share at any time on or before July 17, 2023.

PHARMADRUG INC.

Management's Discussion and Analysis
For the three and six months ended June 30, 2020

NMC Supply Agreement

On July 21, 2020, the Company entered into the NMC Supply Agreement with NMC. Pursuant to the NMC Supply Agreement, the Company will purchase and import into Germany between 250 to 500 kg of cannabis flower on a bulk basis. The Company anticipates it should begin receiving shipments in the final quarter 2020, and the cannabis flower will be packaged in Germany and sold under Pharmadrug's own in-house brand.

Conversion of Pharmadrug Debentures

Subsequent to June 30, 2020, an additional principal amount of \$331,000 of the Pharmadrug Debentures was converted into 6,620,000 Units of the Company at a price of \$0.05 per share.

Options and Warrants

On August 9, 2020, 2,301,873 warrants exercisable at \$0.75, and 78,015 broker warrants exercisable at \$0.49, expired unexercised.

On August 16 2020, 2,350,000 warrants exercisable at \$0.15, and 467,000 broker warrants exercisable at \$0.10, expired unexercised.

On August 16, 2020, 1,020,000 options exercisable at \$0.10 also expired unexercised.

On August 22, 2020, 400,000 options previously granted to a consultant exercisable at \$0.22, were cancelled due to the expiry of a service contract.

Proposed Acquisition

On August 11, 2020, the Company, through Interrobang, had entered into the Target Acquisition, which is expected to close before the end of August 2020.

Disclosure of Outstanding Share Data as of August 27, 2020

	Authorized	Outstanding
Voting or equity securities issued and outstanding	Unlimited number of common shares	194,805,378 common shares
Securities convertible or exercisable into voting or equity		a) 89,410,759 warrants exercisable to acquire common shares of the Company, and b) 7,850,000 outstanding stock options, of which 7,725,000 stock options are exercisable into common shares of the Company.

Risk Factors

The Company faces exposure to risk factors and uncertainties relating to its business that could significantly negatively impact its operations and financial results. Additional risks and uncertainties not presently known to Pharmadrug or currently deemed immaterial by Pharmadrug may also impair the Company's operations. If any such risks actually occur, shareholders of the Company could lose all or part of their investment and the business, financial condition, liquidity, results of operations and prospects of the Company could also be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected.

PHARMADRUG INC.

Management's Discussion and Analysis

For the three and six months ended June 30, 2020

The following is a summary of risks that could be applicable to the business of the Company:

Limited operating history in cannabis industry

The Company, with a limited operating history in the cannabis industry, is in the early-stage of development and must be considered as a start-up company. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenue. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. The Company also has no history of earnings.

Because the Company has a limited operating history in an emerging area of business, investors should consider and evaluate its operating prospects in light of the risks and uncertainties frequently encountered by early-stage companies in rapidly evolving markets. These risks may include:

- risks that it may not have sufficient capital to achieve its growth strategy.
- risks that it may not develop its product and service offerings in a manner that enables it to be profitable and meet its patients' or customers' requirements.
- risks that its growth strategy may not be successful.
- risks that fluctuations in its operating results will be significant relative to its revenues; and
- risks relating to an evolving legal and regulatory regime for cannabis that varies significantly by jurisdiction.

The Company's future growth will depend substantially on its ability to address these and the other risks described in this section. If it does not successfully address these risks, its business may be significantly harmed.

Immediate need for additional financing

The capital raised by the Company to date is insufficient to meet its presently anticipated working capital requirements and capital expenditure commitments for the near future. The Company needs to raise significant additional funds sooner to support its international growth strategy, develop new or enhanced services and products, respond to competitive pressures, acquire or invest in complementary or competitive cannabis-related businesses or technologies, or take advantage of unanticipated opportunities. The Company cannot be sure that additional financing will be available on acceptable terms or at all. Furthermore, any debt financing, if available, may involve restrictive covenants, which may limit Pharmadrug's operating flexibility with respect to business matters. As additional funds are raised through the issuance of equity securities, the percentage ownership of existing shareholders will be reduced; such shareholders may experience additional dilution in net book value; and such equity securities may have rights, preferences or privileges senior to those of its existing shareholders. If adequate funds are not available on acceptable terms or at all, the Company may be unable to develop or enhance its services and products, take advantage of future opportunities, repay debt obligations as they become due, or respond to competitive pressures, any of which could have a material adverse effect on its business, prospects, financial condition, and results of operations.

Volatile financial and economic conditions

Current financial and economic conditions remain extremely volatile. Access to public and private capital and financing continues to be negatively impacted by many factors, particularly in the cannabis sector. Such factors may impact the Company's ability to obtain financing in the future on favorable terms or obtain any financing at all. Additionally, global conditions may cause a long-term decrease in asset values. If such volatility and market turmoil continue, the Company's operations and financial condition could be adversely impacted.

Non-compliance with cannabis laws and regulations

Non-compliance with federal, provincial or state laws and regulations, or the expansion of current or enactment of new laws or regulations, could adversely affect the Company's business in Germany, and elsewhere it operates or invests. Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the carrying on of business of

PHARMADRUG INC.

Management's Discussion and Analysis
For the three and six months ended June 30, 2020

Pharmadrug GmbH. The Company cannot predict the time required to secure all appropriate regulatory approvals for its business or other businesses in which the Company invests, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company.

There can be no assurances the federal government of the German jurisdictions will not seek to enforce applicable cannabis or other laws against Pharmadrug. The consequences of such enforcement would likely be materially detrimental to the Company and the businesses in which the Company invests, and could result in the forfeiture or seizure of all or substantially all of the Company's assets. Further, the Company's third-party service providers could suspend or withdraw services as a result of non-compliance with federal, state or local laws and regulations regarding cannabis.

It is also important to note that local, city, state and provincial ordinances may strictly limit and/or restrict disbursement of marijuana in a manner that will make it extremely difficult or impossible to transact business that is necessary for the continued operation of the marijuana industry.

Regulatory approvals and permits

The Company is and may be required to obtain and maintain certain permits, licenses and approvals in the jurisdictions in which it operates. There can be no assurance that the Company will be able to obtain and/or maintain the necessary permits, licenses and approvals. Any regulatory authority with jurisdiction could also impose certain restrictions on the Company's ability to operate in the relevant jurisdiction. Any material delay or failure to receive these items, or onerous regulatory restrictions would delay and/or inhibit the Company's ability to conduct its business and would adversely affect the Company's business, financial condition and results of operations.

Environmental and employee health and safety regulations

The Company's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. The Company will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on the Company's operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Pharmadrug GmbH

Management highlights several possible risks related to the Pharmadrug Acquisition. To begin, Germany is a country to which management has not operated in before. While the Company has sufficient resources on the ground and management will spend adequate time on site to help grow the business, Pharmadrug GmbH is located on a different continent. In addition, the Company is in the early stages of the medical cannabis industry in Germany. There are other associated risks such as a lack of demand, changes to the regulatory environment, competitive factors, the ability for Pharmadrug GmbH to import product into the country, the eventual production of medical cannabis domestically, amongst others.

Risks associated with increasing competition

The marijuana industry is highly competitive. The Company will compete with numerous other businesses in the medicinal cannabis industry, many of which possess greater financial and marketing resources and other resources than the Company. The marijuana business is affected by changes in consumer tastes and discretionary spending patterns, national and regional economic conditions, demographic trends, local competitive factors, cost and availability of raw material and labour, and governmental regulations. Any change in these factors could materially and adversely affect the Company's operations.

The Company expects to face additional competition from new entrants. If the number of legal users of marijuana increases in Germany, and/or other jurisdictions where the Company currently operates or plans to operate, the demand for cannabis-

PHARMADRUG INC.

Management's Discussion and Analysis

For the three and six months ended June 30, 2020

related products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products.

To remain competitive, the Company will require a continued high level of investment in acquisitions and investments, research and development, and marketing. The Company may not have sufficient resources to maintain such activities on a competitive basis which could adversely affect the business, financial condition and results of operations the Company.

The success of new and existing products and services is uncertain

The Company expects to commit significant resources and capital to develop and market existing and new products, services and enhancements. These products and services are relatively untested, and the Company cannot provide any assurance that it will achieve market acceptance for these products and services, or other new products and services that it may offer in the future. Moreover, these and other new products and services may face significant competition with new and existing competitors. In addition, new products, services and enhancements may pose a variety of technical challenges and require the Company to attract additional qualified employees. The failure to successfully develop and market these new products, services or enhancements could seriously harm the Company's business, financial condition and results of operations. Moreover, if the Company fails to accurately project demand for our new or existing products, it may encounter problems of overproduction or underproduction which would materially and adversely affect its business, financial condition and results of operations, as well as damage our reputation and brand.

New well-capitalized entrants may develop large-scale operations

Currently, the marijuana industry generally is comprised of individuals and small to medium-sized entities, however, the risk exists that large conglomerates and companies who also recognize the potential for financial success through investment in this industry could strategically purchase or assume control of larger or a larger number of dispensaries and cultivation and production facilities, which trend is now being observed by the Company. These potential competitors may have longer operating histories, significantly greater financial, technological, engineering, manufacturing, marketing and distribution resources, and be larger and better capitalized. Larger competitors could establish price setting and cost controls which would effectively "price out" many of the individuals and small to medium-sized entities who currently make up the bulk of the participants in the varied businesses operating within and in support of the medical and adult-use marijuana industry. While the approach in most state laws and regulations seemingly deters this type of takeover, this industry remains nascent and as indicated above this trend is being observed, so what the landscape will be in the future remains largely unknown.

The Company's proposed business plan is subject to all business risks associated with new business enterprises, including the absence of any significant operating history upon which to evaluate an investment. The likelihood of the Company's success must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the formation of a new business, the development of new strategy and the competitive environment in which the Company operates. It is possible that the Company will incur losses in the future. There is no guarantee that the Company will be profitable.

No assurance of commercial success

The successful commercialization of the Company's products will depend on many factors, including, the Company's ability to establish and maintain working partnerships with industry participants in order to market its products, the Company's ability to supply a sufficient amount of its products to meet market demand, and the number of competitors within each jurisdiction within which the Company may from time to time be engaged. There can be no assurance that the Company or its industry partners will be successful in their respective efforts to develop and implement, or assist the in developing and implementing, a commercialization strategy for the Company's products.

PHARMADRUG INC.

Management's Discussion and Analysis

For the three and six months ended June 30, 2020

Factors which may prevent realization of growth targets

The Company is currently in the early development stage. There is a risk that the additional resources will be needed, and milestones will not be achieved on time, on budget, or at all, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following as it relates to the Company:

- delays in obtaining, or conditions imposed by, regulatory approvals.
- facility design errors.
- environmental pollution.
- non-performance by third party contractors.
- increases in materials or labour costs.
- construction performance falling below expected levels of output or efficiency.
- breakdown, aging or failure of equipment or processes.
- contractor or operator errors.
- labour disputes, disruptions or declines in productivity.
- inability to attract sufficient numbers of qualified workers.
- disruption in the supply of energy and utilities; and
- major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms.

Constraints on marketing products

The development of the Company's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by government regulatory bodies. The regulatory environment in Europe may limit the Company's ability to compete for market share in a manner similar to other industries. If the Company is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Company's revenues and operating results could be adversely affected.

Risks inherent in an agricultural business

The Company's business involves the growing of cannabis, an agricultural product. Cannabis cultivation has the risks inherent in any agricultural business, including the risk of crop loss, sudden changes in environmental conditions, equipment failure, product recalls and others.

Given the proximity with which commercially farmed cannabis plants are farmed, pest, disease, and crop failures can spread quickly between plants causing material losses. As with any plant crop, quality finished product requires that plants be provided with the correct quantities of clean water, clean air, sunshine, and nutrients, all within a controlled environment. In addition to crop failure due to pest and disease, crop failure can result from sabotage, natural disaster, and human error. Failure of the plant to survive, pass testing requirements or meet industry standards could result in unsaleable finished product. Given the complex series of variables required to produce top quality cannabis, no assurances can be given that production levels will meet estimates or that product will pass required testing or be of a quality that is competitive in the market. Failure to produce marketable cannabis product could have a material adverse financial impact on the Company.

Reliance on management and advisory board

The Company will need to expand and effectively manage its managerial, operational, financial, development and other resources in order to successfully pursue its development and commercialization efforts of its products. The success of the Company is currently dependent on the performance of its management team, which also relies on advice and guidance of certain members of the Board and Advisory Board, not all of whom are or will be bound by formal contractual employment agreements.

The Company's success depends on its continued ability to attract, retain, and motivate highly qualified people. The loss of the services of these persons would have a material adverse effect on the Company's business and prospects in the short term and could delay or prevent the commercialization of its products, and the business may be harmed as a result.

PHARMADRUG INC.

Management's Discussion and Analysis
For the three and six months ended June 30, 2020

The Company may not be able to attract or retain qualified management and scientific personnel in the future due to the intense competition for qualified personnel with extensive management experience in such fields as pharmaceutical regulations, finance, manufacturing, marketing, law, and investment. If the Company is not able to attract and retain the necessary personnel to accomplish its business objectives, the achievement of its development objectives, its ability to raise additional capital and its ability to implement its business strategy may be significantly reduced and could have a material adverse effect on the Company and its prospects.

Reliance on third-party service providers

Third party service providers to the Company may withdraw or suspend their service to the Company under threat of prosecution. In jurisdictions where the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia may be illegal, and any such acts are criminal acts under local, city, state and provincial law, companies that provide goods and/or services to companies engaged in cannabis-related activities may, under threat of federal civil and/or criminal prosecution, suspend or withdraw their services. Any suspension of service and inability to procure goods or services from an alternative source, even on a temporary basis, that causes interruptions in the Company's operations could have a material and adverse effect on the Company's business.

Insurance and uninsured risks

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes, and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

Although the Company intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Company is not generally available on acceptable terms. Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

The Company may be underinsured and there may be difficulties with acquiring and maintaining insurance coverage in the cannabis industry may reduce the capability of insurance to serve as a reliable and effective risk management tool. Cannabis specific insurance is still a small and specialized market. Consequently, insurance is often unattainable as it is not offered, or it is prohibitively expensive given the scarcity of actuarial data, small number of market participants, which both reduce the ability to share risk across entities. Consequently, many of the risks we face as a Company are uninsured or uninsurable, and we self-insure. Consequently, the Company will be vulnerable to low probability high impact events. If one such event, were to occur it could result in material adverse effects to the financial condition of the Company.

Dependence on suppliers and skilled labor

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labor, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labor, equipment, parts and components. It is also possible that the final costs of the major equipment contemplated by the Company's capital expenditure program may be significantly greater than anticipated by the Company's management and may be greater than funds available to the Company, in which circumstance the Company may curtail, or extend the timeframes for completing, its capital expenditure plans. This could have an adverse effect on the financial results of the Company.

Management of growth

Due to its early stage of development, Pharmadrug may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to

PHARMADRUG INC.

Management's Discussion and Analysis
For the three and six months ended June 30, 2020

continue to implement and improve its operational and financial systems and to expand, train and manage its personnel base. The inability of the Company to deal with this growth may have an adverse effect on the Company's business, financial condition, results of operations and prospects.

No dividends

The Company has no earnings or dividend record and does not anticipate paying any dividends on the Company's shares in the foreseeable future.

Foreign currency exchange rates

Exchange rate fluctuations may adversely affect the Company's financial position and results. It is anticipated that a significant portion of the Company's business will be conducted in EUR. The Company's financial results are reported in CAD and costs are incurred primarily in EUR in its PACs. The depreciation of the CAD against the EUR could increase the actual capital and operating costs of the Company and materially adversely affect the results presented in the Company's consolidated financial statements.

Limited market for securities

There can be no assurance that an active and liquid market for the Company's common shares, warrants and/or convertible debentures will develop or be maintained, and an investor may find it difficult to resell such securities.

The market price of securities is volatile and may not accurately reflect the long-term value of the Company

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies – including Pharmadrug – has experienced substantial volatility in the past. This volatility may affect the ability of holders of common shares to sell their securities at an advantageous price. Market price fluctuations in the common shares may be due to the Company's operating or financial results failing to meet expectations of investors in any period, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of Pharmadrug's common shares.

Financial markets historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of Pharmadrug's shares may decline even if the Company's business performance, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause prolonged decreases in investment values which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted, and the trading price of the shares may be materially adversely affected.

Enforcement of proprietary rights

The Company may be unable to adequately protect or enforce its proprietary rights. Its continuing success will likely depend, in part, on its ability to protect internally developed or acquired, intellectual property and maintain the proprietary nature of its technology through a combination of licenses and other intellectual property arrangements, without infringing the proprietary rights of third parties. The Company cannot prove assurance that its intellectual property owned by the Company will be held valid at the foreign government level if challenged, or that other parties will not claim rights in or ownership of its proprietary rights.

Infringement or misappropriation claims

The Company may be exposed to infringement or misappropriation claims by third parties, which, if determined adversely to the resulting issuer, could subject the Company to significant liabilities and other costs. The Company's success may likely depend on its ability to use and develop new extraction technologies, recipes, know-how and new strains of marijuana without infringing the intellectual property rights of third parties. The Company cannot assure that third parties will not

PHARMADRUG INC.

Management's Discussion and Analysis

For the three and six months ended June 30, 2020

assert intellectual property claims against it. The Company is subject to additional risks if entities licensing to it intellectual property does not have adequate rights in any such licensed materials. If third parties assert copyright or patent infringement or violation of other intellectual property rights against the Company, it will be required to defend itself in litigation or administrative proceedings, which can be both costly and time consuming and may significantly divert the efforts and resources of management personnel. An adverse determination in any such litigation or proceedings to which the Company may become a party could subject it to significant liability to third parties, require it to seek licenses from third parties, to pay ongoing royalties or subject the Company to injunctions prohibiting the development and operation of its applications.

Unfavourable publicity or consumer perception

Management of the Company believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the marijuana produced.

Consumer perception of the Company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research or findings, regulatory investigations, litigation, media attention or other publicity will be favorable to the marijuana market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory investigations, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or other publicity could have a material adverse effect on the demand of the Company's products and the business, results of operations, financial condition and cash flows of the Company. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have such a material adverse effect on the Company, the demand for the Company's products, and the business, results of operations, financial condition and cash flows of the Company.

Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or the Company's products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

A negative shift in the public's perception of cannabis, including vaping or other forms of cannabis administration, in the EU, or any other applicable jurisdiction could cause State jurisdictions to abandon initiatives or proposals to legalize medical and/or adult-use cannabis, thereby limiting the number of new jurisdictions into which the Company could expand. Recent medical alerts by health agencies on vaping related illness and other issues directly related to cannabis consumption could potentially create an inability to fully implement the Company's expansion strategy and may have a material adverse effect on the Company's business, results of operations or prospects.

Internal controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of Pharmadrug's shares.

Product liability

As a distributor of products designed to be ingested by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition,

PHARMADRUG INC.

Management's Discussion and Analysis

For the three and six months ended June 30, 2020

the manufacture and sale of marijuana involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of marijuana alone or in combination with other medications or substances could occur. As a manufacturer, distributor and retailer of adult-use and medical marijuana, or in its role as an investor in or service provider to an entity that is a manufacturer, distributor and/or retailer of adult-use or medical marijuana, the Company may be subject to various product liability claims, including, among others, that the marijuana product caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the business, results of operations, financial condition or prospects of the Company.

There can be no assurances that the Company will be able to maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to maintain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's potential products or otherwise have a material adverse effect on the business, results of operations, financial condition or prospects of the Company.

Product recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. Such recalls cause unexpected expenses of the recall and any legal proceedings that might arise in connection with the recall. This can cause loss of a significant amount of sales. In addition, a product recall may require significant management attention. Although the Company has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company's products were subject to recall, the image of that product and the Company could be harmed. Additionally, product recalls can lead to increased scrutiny of operations by applicable regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Liability for activity of employees, contractors and consultants

The Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims or regulatory enforcement actions against the Company. The cannabis industry is under strict scrutiny. Failure to comply with relevant laws could result in fines, suspension of licenses and civil or criminal action being taken against the Company. Consequently, the Company is subject certain risks, including that employees, contractors and consultants may inadvertently fail to follow the law or purposefully neglect to follow the law, either of which could result in material adverse effects to the financial condition of the Company.

Ability to obtain and retain licenses and permits

The Company may not be able to obtain and/or retain all necessary licenses and permits in Germany, and throughout the Eurozone, which could, among other things, delay or prevent the Company from becoming profitable. The Company's business is reliant on the issuance of required licenses. Failure to acquire necessary licenses required to operate new business expansion could have a material adverse effect on its financial condition. Due to the nature of licensing, which is at the discretion of local governments, it is outside of the Company's control and therefore ability to ensure that the Company will receive the licenses it seeks.

Difficult to forecast demand

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the marijuana industry in Canada and Europe. A failure in the demand for its products to materialize as a result of competition, technological change, market acceptance or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

PHARMADRUG INC.

Management's Discussion and Analysis
For the three and six months ended June 30, 2020

Disruption of business

Conditions or events including, but not limited to, those listed below could disrupt the Company's operations, increase operating expenses, resulting in delayed performance of contractual obligations or require additional expenditures to be incurred: (i) extraordinary weather conditions or natural disasters such as hurricanes, tornadoes, floods, fires, extreme heat, earthquakes, etc.; (ii) a local, regional, national or international outbreak of a contagious disease, including the COVID-19 coronavirus, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu, or any other similar illness could result in a general or acute decline in economic activity (see also, "Public Health Crises, including COVID-19"); (iii) political instability, social and labour unrest, war or terrorism; or (iv) interruptions in the availability of basic commercial and social services and infrastructure including power and water shortages, and shipping and freight forwarding services including via air, sea, rail and road.

Public health crises

The Company's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics or pandemics or other health crises beyond our control, including the current outbreak of COVID-19. On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a global health emergency. Many governments have likewise declared that the COVID-19 outbreak in their jurisdictions constitutes an emergency. Reactions to the spread of COVID-19 have led to, among other things, significant restrictions on travel, business closures, quarantines, and a general reduction in consumer activity. While these effects are expected to be temporary, the duration of the business disruptions and related financial impact cannot be reasonably estimated at this time.

Such public health crises can result in volatility and disruptions in the supply and demand for various products and services, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect interest rates, credit ratings, credit risk and inflation. The risks to the Company of such public health crises also include risks to employee health and safety and a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak. At this point, the extent to which COVID-19 may impact the Company is uncertain; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition.

Disclosure of Internal Controls over Financial Reporting

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements; and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented. In contrast to non-venture issuers this MD&A does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"). In particular, management is not making any representations relating to the establishment and maintenance of: controls and procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its filings or other reports or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Investors should be aware that inherent limitations on the ability of management of the Company to design and implement on a cost-effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of filings and other reports provided under securities legislation.

Cautionary Note Regarding Forward-Looking Statements

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Forward-looking statements are often identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue",

PHARMADRUG INC.

Management's Discussion and Analysis

For the three and six months ended June 30, 2020

“estimate”, “expect”, “forecast”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar words suggesting future outcomes or statements regarding an outlook. Forward-looking statements herein include those relating to, without limitation: Pharmadrug's international expansion strategy and plans, including plans relating to those entities in which it has invested; the status of German laws with respect to cannabis; and Pharmadrug's financing plans and needs. Such statements are based on numerous assumptions believed by management to be reasonable in the circumstances, including among others that the Company will succeed with its German and eventual international expansion plans.

The risks and uncertainties that could affect such forward-looking statements include, but are not limited to, those set out in this MD&A under “Risk Factors” as well as: rapidly changing legal and regulatory environment affecting the cannabis industry in Germany, and other jurisdictions globally; inability to identify and complete future strategic investments and acquisitions on favourable terms or at all; operating internationally and/or in emerging markets; and agricultural risks. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this MD&A are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any such statements, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements herein are expressly qualified by this cautionary statement.

Management's Responsibility for Financial Information

Management is responsible for all information contained in this MD&A. The Company's unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates. The financial and operating information included in this MD&A is consistent with that contained in the unaudited condensed interim consolidated financial statements in all material aspects.

The Audit Committee has reviewed Pharmadrug's unaudited condensed interim consolidated financial statements and this MD&A with management of Pharmadrug. The Board of the Company has approved the unaudited condensed interim consolidated financial statements and this MD&A on the recommendation of the Audit Committee.

August 27, 2020

Daniel Cohen
Chief Executive Officer