**Panaxia Israel publishes its financial results for the first-half of 2019**

**Revenues for the first-half soared to NIS 5.73 million, compared to NIS 1.09 million the previous year, and about NIS 4.1 million throughout 2018**

**Seven consecutive quarters of revenue growth – revenues of NIS 3.11 million in the current quarter, which have more than quadrupled compared to the equivalent quarter**

**Dr. Dadi Segal, Panaxia CEO: "The company is undergoing extensive preparations to export its products to Europe in the first-quarter of 2020, subject to receiving an export clearance, for the benefit of patients in many countries outside of Israel which are currently left without a complete response;** **we are in an optimal production momentum in Israel, and working on an additional expansion of our plants to continue the company's growth trend."**

**(LOD, 08/09/2019)** The pharmaceutical company Panaxia Pharmaceutical Industries Israel, the biggest manufacturer of medical cannabis in Israel, published its financial results for the first-half of 2019 today. The data shows a consistent and continuous growth in revenue: revenue in the first-half of the year skyrocketed to about NIS 5.73 million compared to about NIS 1.09 million in the equivalent first-half of 2018, and about NIS 4.1 million throughout 2018. The rise in revenue stems from an increase in the company's production volumes, which manufactures more products than before and serves a wider scale of patients. Part of this trend stems from the new regulation in the Israeli cannabis industry, which caused a revolution in the value chain.

A quarterly overview shows a consistent rise in company revenue for the past seven quarters, while the current quarter shows a revenue of NIS 3.1 million, more than quadruple compared to the equivalent quarter in the previous year (NIS 676 thousand).



According to **Dr. Dadi Segal, Panaxia CEO**: "These days, the primary emphasis of our activity is centered on preparing the company to export and distribute our products in Europe, for the benefit of patients in many countries outside of Israel, which Panaxia has identified that as today, are left without a complete response in their countries of origin, and the demand outgrows the existing supply. We are working under the assumption that the export reform will be approved by the end of the year, and are making arrangements to be ready to export by the first quarter of 2020. Thus, by the beginning of next year, we will be ready to provide patients in a number of European countries, with the same products we are currently supplying in Israel, in order to replicate Panaxia's success in those countries as well. Therefore, we are dedicating many resources to complete the regulatory registration of our products in European countries. Simultaneously, the core of our activity in Israel is focused on an optimal production momentum, and an additional expansion of our plants."

The reports further show that the company has a negative working capital of about NIS 11.5 million, which originates mainly from commitments to related parties.

Moreover, during this period, the company showed an operating loss of about NIS 4.2 million and a negative cashflow due to ongoing activity of about NIS 2.5 million. These results originate from the company's initial stages of activity, which require massive investments in the worlds of regulation, from aligning and building an infrastructure for exporting to Europe by Q1 of 2020, from increasing volumes of production and activity, and an increase in the level of fixed expenditure in order to meet the GMP standards which enable a company to sell products in drugstores in Israel and in due course, export abroad.

In the past six months, the company has undergone many important business developments, such as:

* **Fortifying management backbone with the appointment of Jonathan Kolber as Chairman of the Board, and Orit Weissman-Freedman, former senior Wall Street investment banker, as director in the company.**
* **Appointing Professor Aaron Ciechanover, the 2004 Noble Laureate in Chemistry, as senior member in the advisory committee of Panaxia directorate.**
* **Collaborating with Rafa**, the biggest pharmaceutical company in Israel in the field of pain treatment and Inflammatory bowel diseases, and completing the first stage of clinical trials in advanced suppositories and inhalers of medical cannabis. This, in addition to collaborating with Rafa in manufacturing and marketing of the premium brand Axiban, a cannabis drug to help patients suffering from Inflammatory bowel diseases, and completing a stage in experiments with human subjects.
* **Launching new products based on medical cannabis and engaging in production and distribution agreements with other growers.**

**About Panaxia Israel**

**The Panaxia Group is the first company in Israel which received approval to manufacture cannabis-based medicines (IMC-GMP standard) and holds a license for providing manufacture and distribution services in Israel for medical cannabis products.**

**Panaxia Israel is part of the pharmaceutical group of the Segal family, operating for over four decades, and manufacturing over 600 different pharmaceutical products, which it markets in over 40 countries. Panaxia was founded by Dr. Dadi Segal, Dr. Eran Goldberg and Assi Rotbart, LL.b, and constitutes the Group's cannabis division. In addition, the sister-division of North America manufactures over 60 pharmaceutical products based on medical cannabis, including sublingual tablets, pastilles, oils, inhaled products, and more, intended to treat diseases such as post-traumatic stress disorder, cancer, chronic pain, epilepsy, anorexia, burns, and many other diseases. Panaxia employs around 100 employees and all their clinical trials are conducted by the company.**

**The pharmaceutical group of the Segal family also includes the Luminera division, which manufacture wrinkle filler injectables, and TREE OF LIFE, which manufactures non-prescription drugs.**