**Excellent clinical trial results for leading Panaxia products:**

**Results prove efficacy of absorption in the blood and safety of tablets, suppositories and inhaled cannabis extract.**

**In addition, data show that Panaxia’s sublingual tablets have a higher absorption rate and lower variance in comparison with the industry’s Gold Standard ‘Sativex’ drug.**

**“These clinical trial results are a significant achievement that showcase our R&D capabilities,” says Dr. Dadi Segal, CEO of Panaxia Labs Israel Ltd. “What is common and obvious in every existing drug in the pharma world, is nothing less than revolutionary in the Israeli cannabis industry, which didn’t start off in the pharma world, and as a result, the efficacy of absorption of cannabis products was never tested. Once they are approved, these products will set a higher therapeutic standard, enabling both the patient and the physician to know for certain how much of the substance has been absorbed into the bloodstream, the rate of absorption and the concentration in the blood. Moreover, we are thrilled about the preliminary data that emerged during the clinical trial, which indicate better characteristics in comparison to the industry’s flagship drug. We intend to examine this data in a separate clinical trial, according to industry standards.”**

**(Tel Aviv, December 10, 2019),** **Panaxia Labs Israel Ltd, TA: (PNAX)** The largest manufacturer of medical cannabis products in Israel released today final clinical trial results of a test of the bioavailability and safety of use of a variety of innovative delivery methods of medical cannabis products developed by the Panaxia Group. This is the first clinical trial of its kind to take place in Israel, to the best of the company’s knowledge, and one of the few performed in the world on medical cannabis-based products. An analysis of the results shows that the clinical trial successfully met its main goals.

The clinical trial commenced in January 2019 at the Wolfson Medical Center and included healthy participants, according to a protocol approved by the Israel Ministry of Health (including the Medical Cannabis Unit) and by the Medical Center's Ethics Committee (Helsinki Committee). It was a controlled, double-blind, multi-disciplinary trial involving single-day treatment of each of the innovative forms of the product, including sublingual tablets in varying doses; suppositories and extracts for inhalation using an inhaler; Axiban, sublingual cannabis oil manufactured by the company and marketed by Rafa laboratories ; Sativex, the Gold Standard flagship product of the worldwide cannabis industry, and the only product containing THC from a plant source (cannabis), which was approved for sale by the European Medicines Agency (EMA); and a placebo. The clinical trial took place over a 12-hour period for each participant, relative to the form of substance, with a set amount of time between each segment.

The main objectives of the clinical trial were to demonstrate the efficacy (existence of bioavailability of the active substances in the blood), as well as to determine the pharmacokinetics parameters of the products, together with the presentation of the safety of use level of the varying innovative forms of administration of the products. By examining the bioavailability of the products (the concentration of the substance in the patient’s blood, the rate of absorption in the bloodstream, and the fraction absorbed in the bloodstream of the total amount consumed), its pharmacokinetic efficacy was proven, and the main objective of the clinical trial was achieved. Moreover, regarding the product’s safety of use, no severe adverse effects were reported.

In light of the positive results that were achieved, the company intends to move forward with procedures to receive approval for the various formats of its products in Israel and in a number of European countries. Following this approval, the company will commence marketing these products in Israel and exporting them to a number of European countries.

In addition to achieving the goals set out in the trial’s protocol, the results comparing Panaxia’s products with the industry’s flagship Sativex products can serve as preliminary data indicating that, according to the company, its products have the potential for a significant breakthrough in comparison with Sativex (some comparison results to sativex lacking statistical significance due to small number of participants, all other results show statistical significance ).

It was found that (1) Sublingual tablets produced by Panaxia have a faster rate of absorption into the bloodstream than Sativex; (2) Sublingual tablets produced by Panaxia have a lower variance in the rate of absorption into the bloodstream from patient to patient in comparison to Sativex; (3) Cannabis extracts for inhalation produced by Panaxia have a higher rate of absorption than Sativex, as well as a lower rate of metabolism in the liver (first pass effect); and (4) Following the administration of Axiban oil, the level of analytes found in participants’ plasma was similar to levels found after taking Sativex.

In light of these preliminary data, the company is considering conducting a clinical trial, the main goal of which would be to measure the efficacy and safety of Panaxia products in comparison with Sativex, and include a larger number of participants, in an effort to achieve greater statistical significance. The company will send out an update if and when it decides to conduct an additional clinical trial.

“These clinical trial results are a significant achievement. They showcase our R&D capabilities and rank Panaxia as one of the top contenders in the industry worldwide,” says **Dr. Dadi Segal, Panaxia CEO**. “As far as we know, Panaxia is the only Israeli medical cannabis company that has carried out such a comprehensive clinical trial of its products, and that has scientific proof of their efficacy and safety. What is common and obvious in every existing drug in the pharma world, is nothing less than revolutionary in the Israeli cannabis industry, which didn’t start off in the pharma world, and as a result the efficacy of cannabis products was never tested. The significance of this is that once they are approved, these products will set a higher therapeutic standard, enabling both the patient and the physician to know for certain how much of the substance was absorbed into the bloodstream, the rate of absorption and the concentration in the blood. This critical information will allow patients and their physicians to feel much more comfortable and assured that the product they are using has been checked, and that its effects on our bodies are known. Moreover, we are also thrilled about the preliminary data that emerged during the clinical trial, which indicate better characteristics in comparison to the industry’s flagship drug. We intend to examine this data in a separate clinical trial, according to industry standards.”

**About Panaxia Labs Israel Ltd**

Panaxia Labs Israel Ltd, which is traded on the Tel Aviv Stock Exchange as (TA: PNAX) is currently the largest manufacturer and service provider with home-delivery distribution of medical cannabis products in Israel. It is the first company to receive approval from the Israel Ministry of Health for the production of medical cannabis-based drugs (IMC-GMP directive), and has authorization to manufacture and distribute medical cannabis in Israel.

Panaxia Labs Israel is part of the Segal Pharma Group, owned by the Segal family, which has been in operation for over forty years. Panaxia manufactures over 600 different pharmaceutical products and distributes them in over 40 countries worldwide. Panaxia Labs Israel is a subsidiary of Panaxia Pharmaceutical Industries Ltd. (73.7%), which was established by Dr. Dadi Segal, Dr. Eran Goldberg, and Adv. Assi Rotbart, as the cannabis division of the Segal Group.

Another subsidiary, Panaxia USA, manufactures over 60 medical cannabis-based products in North America, including sublingual tablets, lozenges, oils, and inhalers designed to treat illnesses such as PTSD, cancer, chronic pain, epilepsy, anorexia, burns, and an assortment of other disorders. The Panaxia Group has around 150 employees, and all clinical trials are conducted by the group.

The Segal Pharma Group also owns Luminera Derm, which produces injectable dermal fillers, and Tree of Life Pharma, which produces over-the-counter drugs.

For more information, visit the Panaxia website at [www.panaxia.co.il](http://www.panaxia.co.il)

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This press release contains forward-looking statements within the meaning of the Israeli Securities Law of 1968. Words such as “expect,” “believe,” “intend,” “plan,” “continue,” “may,” “will,” “anticipate,” and similar expressions are intended to identify forward-looking statements. These forward-looking statements reflect the management’s current views with respect to certain current and future events and are subject to various risks, uncertainties and assumptions that could cause the results to differ materially from those expected by the management of Panaxia Labs Israel Ltd. Detailed information about the risks and uncertainties affecting Panaxia Labs Israel Ltd. is contained in Section 3.26 of Appendix A (Description of the Activities) which is attached to the shareholders meeting invitation (as amended) dated 5th May 2019 [document number: 2019-01-043483].  Panaxia Labs Israel Ltd. undertakes no obligation to revise or update any forward-looking statement for any reason. Nothing in this press release is intended as an offer or recommendation to purchase or sell securities of Panaxia Labs Israel Ltd. or a solicitation of any securities transaction.