**The merger deal of Panaxia Israel and**

**Public company Herodium reaches the finish line:**

**Panaxia successfully completes a capital raising of NIS 17.5 million at a higher price of about 10% than the stock's last closing price;**

**In doing so, Panaxia ensures the merger completion with Herodium;**

**As part of the prospectus, NIS 11.5 million were raised, with an additional NIS 6 million guaranteed raise, to be completed this week;**

**The total cash in hand of the merged company**

**is expected to amount to about NIS 35 million;**

**Dr. Dadi Segal, Panaxia CEO: "We are happy with the successful completion of the shelf prospectus, and the headway which ensures the completion of the merger. Transforming our activity into a public company, enables us to include our investors in the company's success both in the near future and the long run, and result in Panaxia replicating its current dominance in the Israeli market to the European and global market as well"**

(Tel-Aviv, September 18, 2019) – Panaxia Israel Pharmaceutical Industries, the largest manufacturer and distributor of pharmaceutical cannabis in Israel, announced today the completion of NIS 11.5 million raise in shelf prospectus to raise capital as part of completing the merger agreement with the public company "Herodium Investments". Furthermore, an additional investor announced his intention to participate in the raise with NIS 6 million, at a price of at least NIS 4 per share.

Accordingly, the company will work to raise capital as part of an additional shelf prospectus, in which the investment sum will constitute part of the additional raise. The company is announcing shelf prospectus to raise at least NIS 17.5 million which will be completed this week (NIS 6 million raise which as stated, has been guaranteed, in addition to the NIS 11.5 million which was raised as part of the shelf prospectus), for the price of NIS 4 per share, reflecting a premium of 9.8% on the share's last closing price (NIS 3.64). With the completion of the successful raise, Panaxia has ensured the completion of the merger deal with Herodium. The funding round included a Canadian investment fund, a group of foreign investors and a group of Israeli investors.

The net and value of the merged company's cash position, including the shelf prospectus and conversion of additional investment funds to stocks of the merged Panaxia Israel, are expected to reach about NIS 35 million.

**Dr. Dadi Segal, Panaxia CEO**, said today: " We are happy with the successful completion of the shelf prospectus, which ensures the completion of the merger. Panaxia is the largest and most advanced manufacturer of pharmaceutical cannabis in Israel, and now, after completing the raise, we are able to replicate our dominance in Israel to the European market. Transforming our activity into a public company enables us to include our investors in the company's success, both in the near future, and the long run. Our transformation into a public company, will enable Panaxia to be ready to export in terms of regulations, clinically and operationally, as soon as the permit is received. The massive emphasis of our operations these days is directed to preparing the company to export and market products in Europe, for the benefit of patients in many countries outside Israel. We are working under the assumption that the export reform will be approved by the end of 2019, and are intending to be completely ready to export by Q1 of 2020, subject to receiving the export license. In this way, by the beginning of next year, we will be prepared to deliver to patients in a number of European countries, the same products which we currently supply in Israel, with the intention of replicating Panaxia's success in those countries as well."

**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.**