

Panaxia recaps 3Q21 with record revenues of 22.5 million, a 34% increase over last year

The company resumed double-digit growth following a decrease in Q2 due to divesting its distribution and logistics operations.

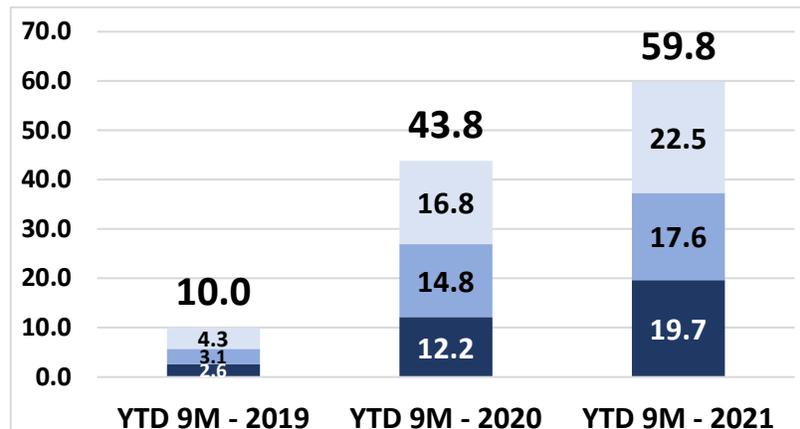
Revenues in the first nine months of 2021 grew to 59.8 million, a 37% increase over the same period of last year

Lod, November 29, 2021 – Panaxia Labs Israel Ltd. (“Panaxia Israel”), a subsidiary of Panaxia Global (TASE: PNAX), a global pharma company that develops, manufactures and markets advanced pharmaceutical-grade medical cannabis, today reported the financial results for the third quarter and nine months of 2021.

Dadi Segal, CEO of Panaxia Israel, said, “We are closing a strong third quarter in which we resumed our double-digit revenue growth. Our strategy, which focuses on manufacturing, exporting and selling our products, is proving its worth, yielding fruit already in this quarter. During and after the third quarter, we received the export permit we had been waiting for. The permit allows us to export medical cannabis extracts for vaporization, a novel, first-of-its-kind product approved for marketing in Germany and across Europe. A first commercial shipment already sent to Germany. We expect retail sales of the extracts to begin in the coming days, building on the strong interest on behalf of physicians and patients alike. This product is important news for patients who refrain from smoking medical cannabis for medical or other reasons and will constitute a strong growth and profitability engine for us. We expect the product to capture a substantial market share in Europe, similar to mature markets in North America. In addition to regular export to Germany and Cyprus, we are making progress in the regulatory registration of our products in Greece, Poland, and Denmark. At the same time, we plan to expand to other markets where medical cannabis is regulated, where we will leverage our regulatory and commercial advantages.”

Panaxia Israel's revenues (in millions)

Quarterly revenues, 2019-2021



Financial results of the third quarter and first nine months of 2021

The company's revenues in the third quarter of 2021 totaled 22.5 million, an increase of 34% compared with revenues of 16.8 million in the same quarter of last year, and a 28%-increase compared with revenues of 17.6 million in the previous quarter.

The company's revenues in the first nine months of 2021 totaled 59.8 million, an increase of 37% compared with revenues of 43.8 million in the same period of last year. The revenue increase over the same periods last year is attributed to the company's focus on selling its products, compared with reduced provision of production services to third parties and retail sales to patients.

Returned to gross profit in the third quarter of 2021: the gross profit totaled 2.2 million (gross profit margins of 10%), compared with gross profit of 1.9 million (11 %) in the same quarter last year, and a gross loss of 2.2 million in the previous quarter. **The resuming of gross profit in the third quarter and the period** is attributed to the increased sales of the company's products in line with its strategic focus, as compared with lower retail sales in Israel, which eroded the gross profit following the divesting of the distribution and logistics operations in the second quarter of 2021.

Focused on self-production and exports to Europe: sold its distribution and logistics operations in Israel: this move is expected to improve Panaxia's operating profitability and expense structure, concurrently with the growth projected for the coming quarters due to the initiatives taken by the company.

About Panaxia Labs Israel

Panaxia Labs Israel, Ltd., which is traded on the Tel Aviv stock exchange (TASE: PNAX), is a global pharma company, which develops, manufactures, and markets advanced medical cannabis-based products of pharmaceutical quality and the largest manufacturer of medical cannabis products in Israel. Panaxia is a pioneer in the medical cannabis market in Israel and the only company in Israel with an EU-GMP European production standard from the EU Health Authority, which is required for the commercial manufacturing and export of medical cannabis and its products to Europe. Panaxia specializes in the development, production, and marketing of complex and advanced cannabis plant products, based on clinical information and a broad database of tens of thousands of patients.

Panaxia Israel is a subsidiary of the Panaxia Pharmaceutical Industries, which was established in 2010 by Dr. Dadi Segal (PhD), Dr. Eran Goldberg (PhD) and Adv. Assi Rotbart (LL. B, BSc), as the cannabis division of Segal Pharma Group, which has been operating for over four decades, manufacturing more than 600 different pharmaceuticals distributed in over 40 countries.

Panaxia USA (a subsidiary of Panaxia Global) manufactures in North America more than 60 medical cannabis-based products, including sublingual tablets, lozenges, oils, inhalers and more, designed to treat diseases such as Post-Traumatic Stress Disorder, Cancer, Chronic Pain, Epilepsy, Anorexia, Burn Treatment and many other diseases.

The Panaxia Group has over 150 employees.

To learn more about Panaxia, please visit: <https://panaxia.co.il>