



Panaxia Labs Israel Ltd.

Company Presentation

December 2021

Forward-Looking Information - Disclaimer

This presentation was solely made in order to concisely convey and present information and is not intended to replace a review of the reports of Panaxia Labs Israel Ltd (formerly known as Herodium Investments Ltd) (hereinafter: the "Company", or "Panaxia", which also operates through subsidiaries, including "Panaxia Pharmaceutical Industries Israel Ltd" and "Panaxia Logistics Ltd", which is wholly owned by the Company). This presentation contains statements, targets, forecasts, estimates, projected data and so forth, which constitute forward-looking statements, as defined under the Israeli Securities Law – 1968. The materialization of such declarations, targets, estimates, predictions and data and the Company's ability to meet them, in the past and in the future, is partially contingent upon third parties, which the Company has no control over, as well as other risk factors the Company is exposed to, and therefore may not occur, occur partially, occur later than expected or differ materially from the results, targets and data as estimated in this presentation or implied by it. There can be no certainty that the Company's predictions and estimates would indeed materialize, and that the operational results of the Company may not materially differ from the estimated results demonstrated in this presentation or implied by it, including, due to a change in any of the foregoing factors. For the avoidance of doubt, it is clarified that the Company assumes no obligation to update the information, in whole or in part, included in this presentation, whether pursuant to new information, a future event or other reasons. In addition, it is clarified that the Company's strategic plans included in this presentation are true as of the time they are presented and could be changed in accordance with resolutions of the Company's board of directors, as may be adopted from time to time, and/or because they are contingent upon, in whole or in part, third parties the Company has no control over, as well as additional risk factors the Company is exposed to. Excluding trademarks and/or trade names owned by the Company and/or used by it, trademarks and/or trade names mentioned in this presentation, are the property of their owners and are used in this presentation solely for illustration and context understanding purposes. It is clarified that this presentation, in whole or in part, is intended for informational purposes only and does not constitute, in and of itself, a recommendation and/or advice and/or opinion and/or invitation to purchase or to commit to purchasing securities of the Company and does not replace the need to conduct an independent inquiry.

For further details regarding the arrangement delimitation of the activity and agreements related between the Company and the management, Panaxia Pharmaceutical Industries Ltd. (hereinafter: "Panaxia Global" (see sections 19-20 to the Company's periodic report for 2020, Chapter A, which was published on March 31, 2021, and the definition of the Company's area of activity on page 7 of Chapter A (reference number 2021-01-052071), contained on Through the reference (below: "The Periodic Report for 2020").

In addition, see the Company's immediate report dated March 31, 2021 regarding the transfer of Panaxia Global's rights to the Company in the context of the contract with Neuraxpharm Arzneimittel GmbH (reference number: 2021-01-052023), included by way of reference.

"Panaxia Israel Group": the company, Panaxia Pharmaceutical Industries Israel Ltd. and Panaxia Logistics Ltd.

"Panaxia Global Group": the company, Panaxia Global, Panaxia Pharmaceutical Industries Israel Ltd., Panaxia Logistics Ltd., Panaxia Cannabis Israel Ltd., Panaxia Trading and Distribution Ltd., Quikkan Ltd., Panaxia Data Analytics Ltd., Panaxia Pharmaceutical Industries New Mexico Inc., Panaxia Arizona LLC, Panaxia California LLC, and Panaxia Pharmaceutical Industries South Africa Ltd.

About the Company*

- ❖ **A global pharma developer, manufacturer and marketer** of innovative pharmaceutical-grade cannabis products for a wide range of medical indications
- ❖ **Exports its brands** to Germany, France, and Cyprus; Export to additional countries is expected to start shortly
- ❖ **Benefits from a unique growth and profitability engine:** The only company whose medical cannabis extracts for vaporization have been approved for marketing by the German regulator**; Commercial exports began in October 2021
- ❖ The only producer and potential exporter in the world of medical cannabis tablets, with a marketing authorization from a European Health Authority as part of the French government pilot to regulate the medical cannabis market**
- ❖ The largest producer of medical cannabis products in Israel; Owns dual-standard pharma facility: IMC-GMP and EU-GMP from a European Health Authority for the export of medical cannabis and its products, and an agreement to use a production facility in Malta***
- ❖ Over 10 years of medical cannabis experience and know-how**

**Including through the operations of the "Panaxia Israel Group" and engagements with "Panaxia Group" as defined above and in the periodic report for the year 2020 of the Company, which was published on March 31, 2021 (reference number: 2021-01-052071), Included by way of reference (hereinafter: "The Company's Periodic Report for 2020"), And as detailed in the company's reports which were published after the company's periodic report for 2020 (hereinafter: "the company's reports")*

*** Through engagements with the Panaxia Global Group as detailed in the Company's Periodic Report for 2020, and in the company's reports*

**** The agreement entered by the company and Panaxia Global Group on using the Malta production facility will expire at the end of December 2021. Extending the agreement is subject to obtaining the permits required under the law*

60.7M ILS

2020 Revenues
264% growth Y/Y

59.8 M ILS

9M 2021 Revenues
37% growth 9M/9M



Clinical know-how based on thousands of patients

TASE: PNAX



Our Vision

We aspire to lead the global medicalization trend of the pharmaceutical cannabis market
By developing and manufacturing pharmaceutical products, which enable patients unable to consume medical cannabis through traditional methods to benefit from effective medical cannabis treatment for a range of new indications while strengthening its legitimacy in the global medical community



Key milestones

2010 to date*



**Through engagements with the Panaxia Global Group as detailed in the Company's Periodic Report for 2020, and in the company's reports*

The Segal Pharma Group: proven reputation in initiating and leading pharma companies

- ❖ Panaxia was founded as a subsidiary of Segal Pharma, operating in Israel for 50 years
- ❖ The Segal Group has proven experience and reputation in initiating and establishing pharma companies in various fields, taking them through maturity, commercialization, and sales
- ❖ **Four Segal companies were sold to leading pharma companies, including Luminara, sold to AbbVie-Allergan in October 2020**
- ❖ Hundreds of pharmaceutical products marketed in over 40 countries
- ❖ Robust connections with pharma companies, healthcare providers, research, and academic institutions in Israel and worldwide



World-class Leadership and Scientific Advisors

Executive Management Team



Dr. Dadi Segal, PhD
CEO & Founder

- Ph.D. in Computational Chemistry
- Luminera Derm, CEO
- Tree of Life Pharma, Co-Founder & VP of BD



Dr. Eran Goldberg, PhD
CTO & Founder

- Ph.D. in Plant Science
- Luminera Derm, CTO



Assi Rotbart
General Manager

- CallmyName, CEO
- Ship.to, Co-Founder
- Rotbart – Attorneys at Law, Managing Partner



Sigal Ben Eli
CFO

- Rishon-Lezion Economic Company, CFO
- Prime-Lease, CFO

Scientific Advisory Board



Prof. Marcus Veit, Ph.D.

Pharmaceutical Chemistry
Herbal medicinal produces and plant phenolics
Founder, Alphotopics, GmbH



Prof. Aaron Ciechanover

Chemistry Nobel Prize Laureate in Chemistry and Distinguished Research Israel Institute of Technology, professor



Dr. Noa Leibovich

Product Development
Ph.D. in Physiology & Pharmacology
Teva: Global Head of Branded Products Development



Prof. David (Dedi) Meiri

Cancer Biology and Cannabinoid Research
Biology and Cannabinoid Research Laboratory of Cancer, Principal Investigator

Scientific Team Leaders



Dr. Lior Zelikovich

Chief Scientific Officer
Ph.D. in Organic Chemistry
Dexcel Pharma, Head of Special Product Development



Dr. Malgorzata Meunier
Deputy General Manager Europe

VP Innovation and BD
Ph.D. in Pharmaceutical Sciences
GSK CHC Switzerland, R&D Lead & Principal Scientist

Board of Directors



Jonathan Kolber

Panaxia's Chairman
Viola Growth, General partner



Orit Weismann

Board Member
Goldman Sachs, Partner & Head of Israel



Medical Cannabis use today: the tip of the iceberg

Currently:

- ❖ Medical cannabis is used mostly (70%*) as a last resort for pain management
- ❖ Many patients are reluctant to consume medical cannabis via smoking or oils due to conservatism, intolerance, and/or discomfort

In the future:

- ❖ Patients will gradually transition to consuming medical cannabis via innovative pharmaceutical-grade products, attracting multiple new patients
- ❖ Regulatory approval and clinically-proven efficacy will position medical cannabis as a "first-line" treatment for symptoms associated with various common indications

Panaxia is at the forefront of the medical cannabis industry as the only company in the world with vaporization extracts approved for marketing in Europe

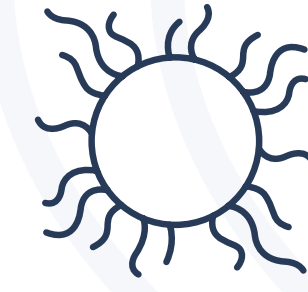
** Prohibition Partners, The European Cannabis Report, 6th edition*



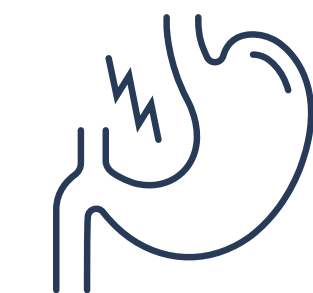
Multiple Sclerosis



Autism



Cancer



IBD



Pain management



Parkinson's disease



Alzheimer's disease





PTSD



Fibromyalgia

Panaxia is Leading the Global Medicalization Trend

of transitioning from traditional to pharmaceutical-grade medical cannabis for multiple indications

	Traditional Medical Cannabis 	Panaxia's premium products 
Delivery Method	Smoking flowers, oils (oral and sublingual)	Acceptable pharma delivery methods (tablets, vapes)
Reliability	Low level of standardization and stability, dosage variations of active ingredients	High: API, standardized, consistent, and accurate dosage
Doctor's Attitude	Hesitant, avoidance	Willing (Science-based medicine)
Patients' Attitude	Most patients are unable to switch from consumption by traditional methods	Openness and demand, potential for expanding the target audience
Regulation	Strict requirements make it difficult to approve products	Meet stringent requirements

Panaxia's vapes and tablets open the market to millions of patients that so far avoided the consumption of medical cannabis by traditional methods, legitimizing physicians' recommendation of medical cannabis treatment

A variety of innovative pharmaceutical products

Pioneering the market and cementing the Panaxia brand positioning in Europe*



Vaporization extracts



Sublingual tablets



Premium oils

Main benefits

- ✦ A safer alternative to smoking
- ✦ Cleaner product (no additives or excipients)
- ✦ Cheaper to produce (fewer APIs per use)

- ✦ Faster and better absorption of active ingredients directly into the bloodstream
- ✦ Precise dosage
- ✦ Better flavors and higher acceptance compared with oils
- ✦ Suitable for patients with swallowing difficulties

- ✦ Standardized dose of 9 active ingredients, including a lineup of cannabis oils designed for oncology patients (most products standardize only 3)

Projected start of Marketing

On the market since Q4 2021

H1 2022
(As part of an experimental program, free of charge)
H1 2023
(expected start of commercial sales)

On the market since Q1 2021

Launch Markets*

Germany (with Neuraxpharm)

France (with Neuraxpharm)

Germany, France, Cyprus, Israel, and more in 2021-22

A variety of innovative pharmaceutical products

Pioneering the market and cementing the Panaxia brand positioning in Europe



Panaxia focuses on advanced pharmaceutical products, the fastest-growing market segment in the medical cannabis industry

Regulation of medical cannabis in Europe

From traditional use to medicalization

Europe: the fastest-growing medical cannabis market*

400M EUR
2021



2.5B EUR
2025

Trends and demand

- ❏ Declining use of inflorescences and transition to pharmaceutical products, similar to advanced markets worldwide (North America)
- ❏ The demand for the pharmaceutical products segment is projected to double

High entry barriers

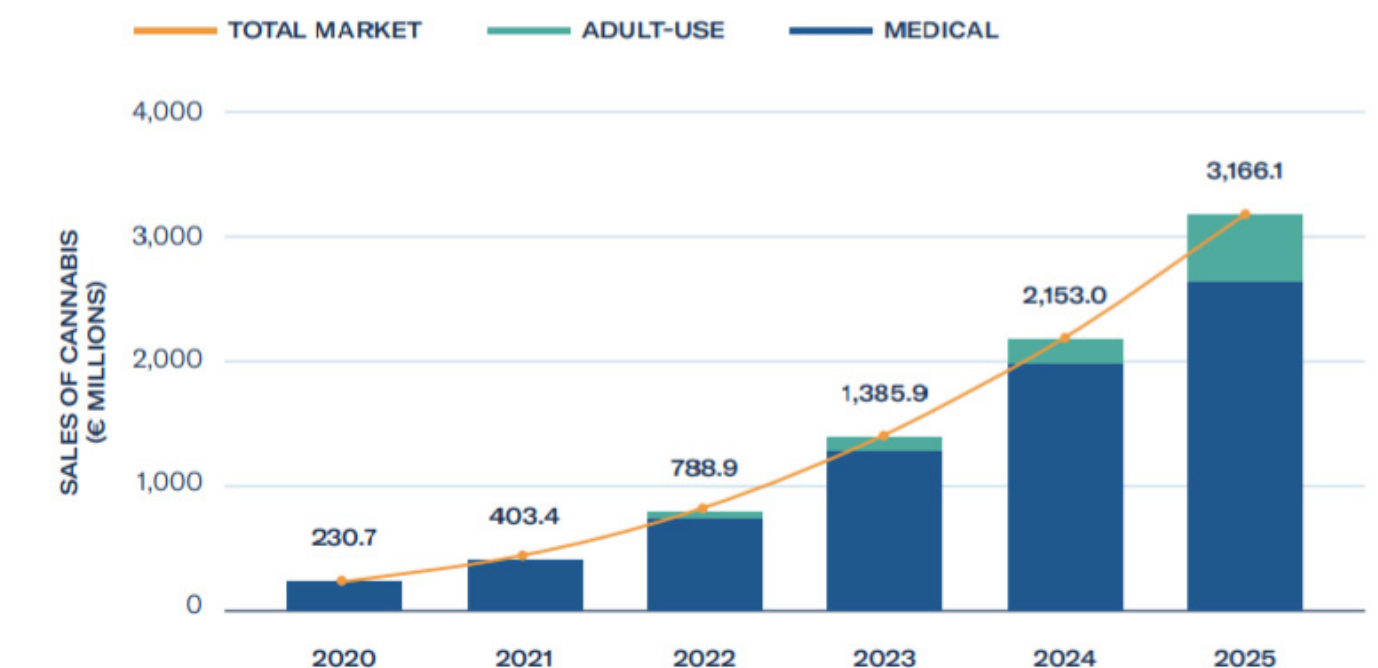
- ❏ Requirement for production under **EU-GMP** standard
- ❏ Regulatory marketing approvals are required in each country
- ❏ A branded prescription for a specific product issued by the doctor

The growing demand, along with the high entry barriers, emphasize Panaxia's strengths as the first to bring pharmaceutical-grade vaporization extracts and tablets to the market

* Sources: Prohibition Partners, The European Cannabis Report, 6th edition; Marijuana Business Daily International; Arcview Market Research and Greentank Technologies, North American Vape Market Q1, 2021 Report; Company's Estimates

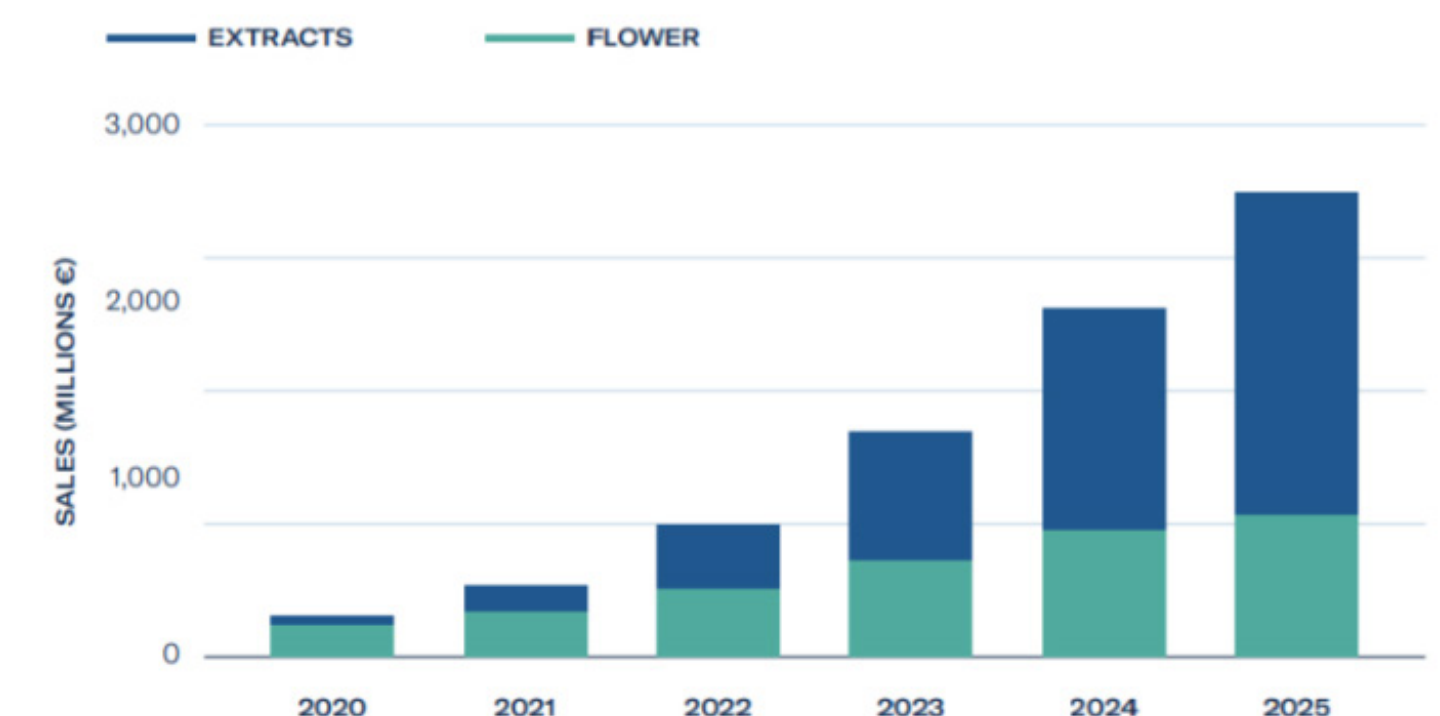
** Graphic sources: Prohibition Partners, The European Cannabis Report, 6th edition

Projected growth of European cannabis market



Source: Prohibition Partners

Projected sales of medical cannabis in Europe



Source: Prohibition Partners

Europe: a growing market, high profitability market

Low competition, sophisticated products*

Strong growth potential and high profitability	Strong growth potential and high profitability	Preference for advanced pharmaceutical products
1M patients by 2025	Strict regulation, varied regulatory frameworks across countries	Growth potential: The market share of advanced products is expected to grow in most of the coming years
€500-600 per patient/month Expected to decrease over time	0 Providers of advanced delivery products	Higher profitability per product unit The advanced products are more cost-effective since they are formulated with a lower quantity of the active ingredient
€2.5B annual market by 2025	First to market: Started exporting and selling extracts for vaporization to Germany in Q4 2021	Insurance reimbursement is available in some target markets including Germany, which makes them less price-sensitive

** Sources: Prohibition Partners, The European Cannabis Report, 6th edition; Marijuana Business Daily International; Company's estimates*

Vapes: a promising opportunity for Panaxia in Europe

- ❏ Vaporization extracts (vapes) are expected to dominate the European cannabis market within 2-3 years
- ❏ For the first time in Europe, obtaining regulatory approval for marketing extracts for vaporization (Germany, June 2021)* and first commercial export (October 2021)
- ❏ Accepted by patients who avoid smoking due to illness/discomfort
- ❏ Shorter time to market: sales in Germany started (December 2021)
- ❏ High regulatory barriers for market entry: vapes represent a product under strict regulation but without competition currently and little competition in the future
- ❏ Significant growth engine: expected growth of tens of percent per year, similar to advanced markets

Total market share of cannabis extracts for inhalation in North America**

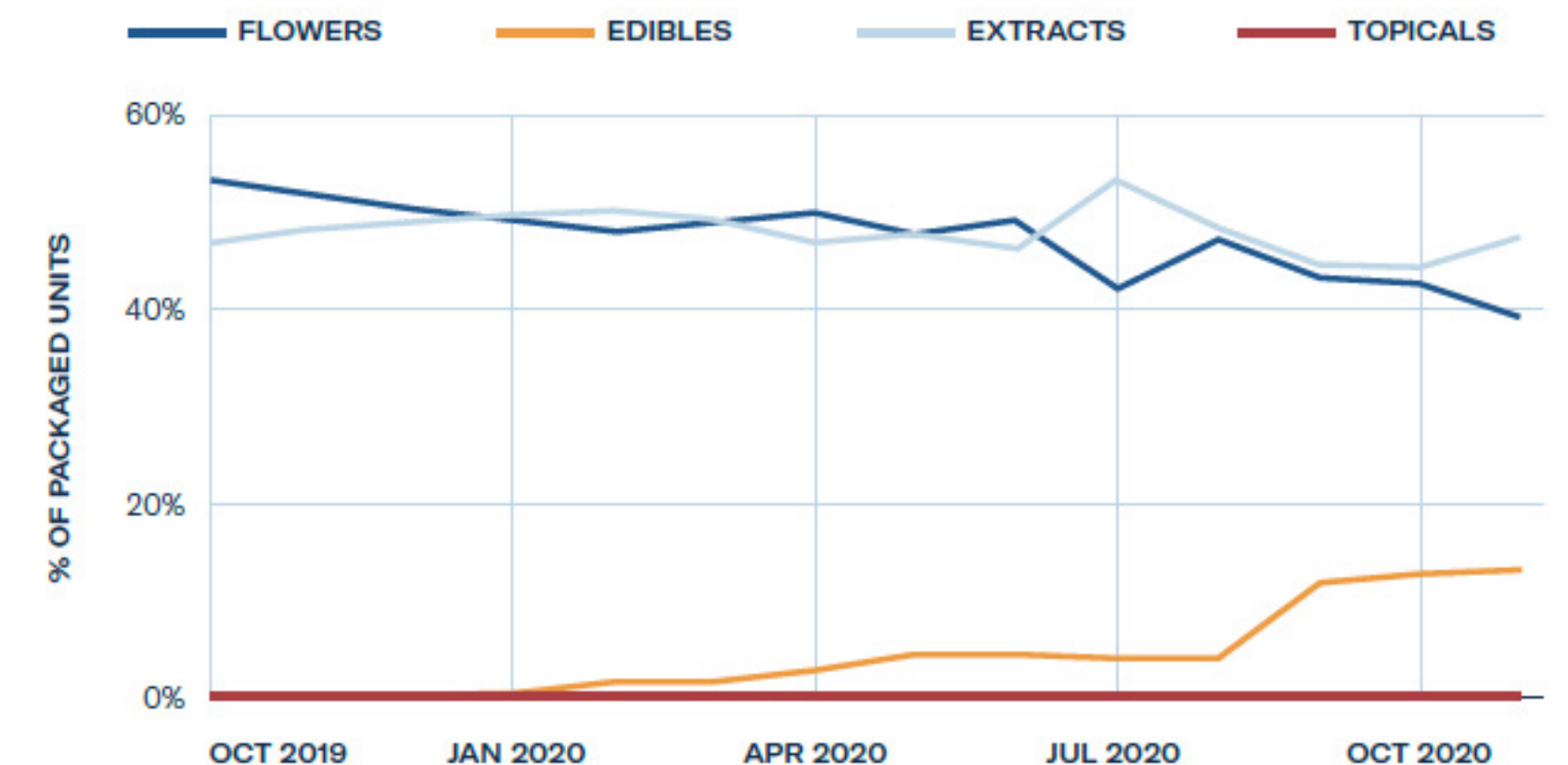
20%
2018



27%
2020



Sales of medical cannabis products in Canada



Source: Prohibition Partners

*Including through engagements with the Panaxia Global Group as detailed in Immediate Report (Reference Number 2021-01-102426) included by way of reference

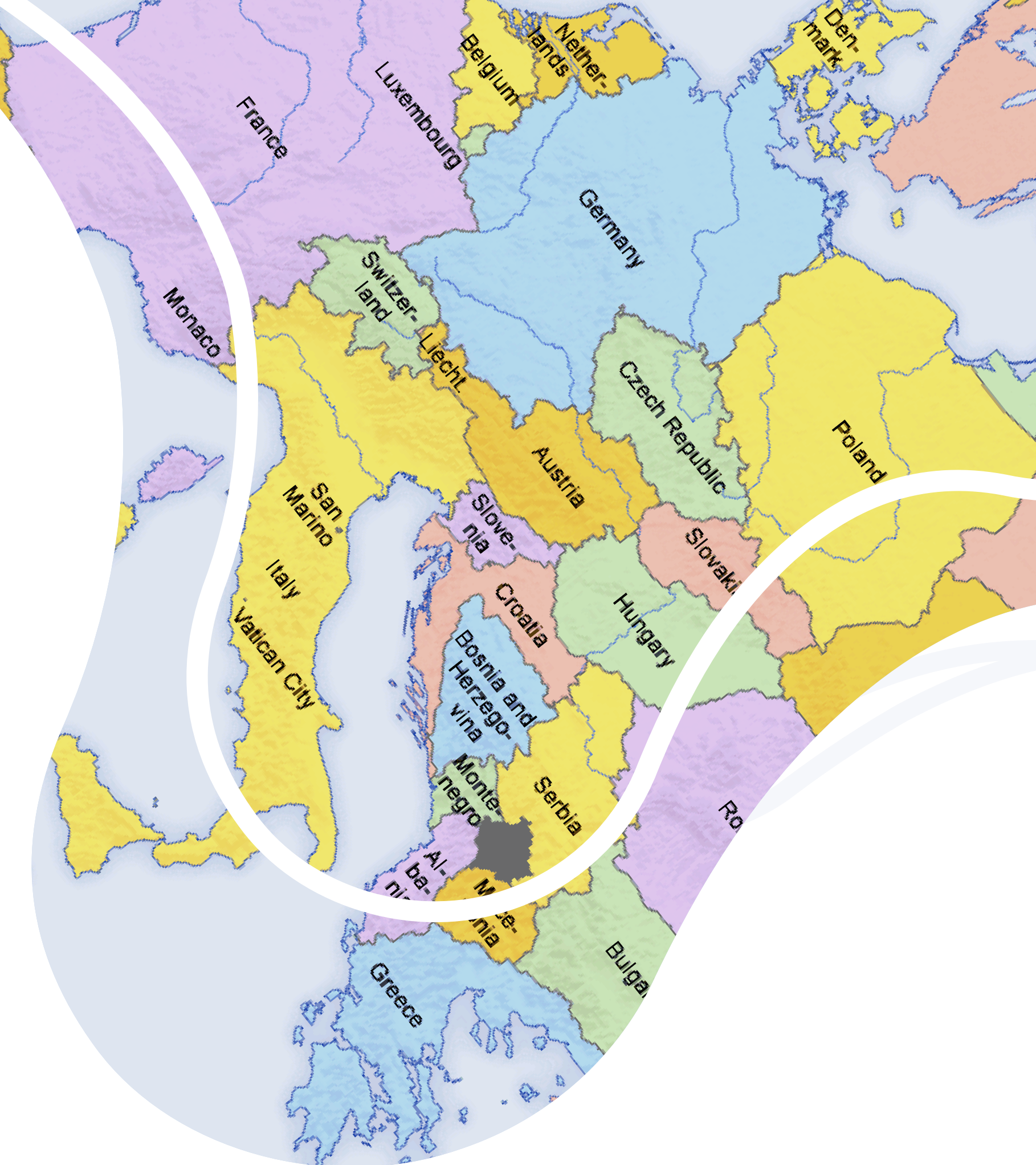
**Arcview Market Research and Greentank Technologies, North American Vape Market, Q1 2021 Report

***Graphic source :Prohibition Partners, The European Cannabis Report, 6th edition

Global expansion strategy*:

From focusing on Israel to exporting premium products to Europe

- ✦ Enter any European country which regulates medical cannabis
- ✦ A variety of unique products in terms of delivery method (vaporization extracts, tablets, etc.)
- ✦ Operate in each country with a **major local pharma partner** under a co-branding agreement. Profit-sharing model (the partner bears the marketing costs)
- ✦ **Gain substantial market shares in the early stages of market growth**
- ✦ Exiting non-core activities in Israel: outsourcing production operations to third parties, sold the B2C distribution and logistics operations

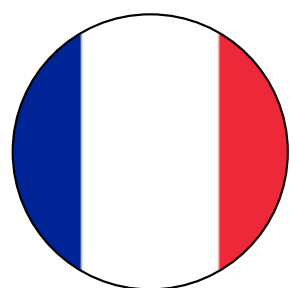


** Subject to the receipt of export permits from Israel and/or an arrangement that delimits the activity with the controlling shareholder, as detailed in the definition of the company's area of activity on page 7 Chapter A of the Periodic Report for 2020; See also section 8.2.2 of the Periodic Report for 2020*

Entering the main European markets – Germany and France



Germany



France

Activity*

- Germany is the largest medical cannabis market in Europe, expected to reach € 840M of revenues by 2025**
- April 2020: Exclusive profit-sharing cooperation agreement with Neuraxpharm (Europe's leading pharma company on the development and marketing of CNS drugs), under the "NAXIVA- PANAXOL co-brand"
- For the first time, a global pharma company includes medical cannabis products in its portfolio
- June 2021: first company to receive a marketing authorization for vapes
- July 2021: exclusive agreement entered on the distribution of specific oils for oncological patients with AxioNovo GmbH, a leading oncology and chemotherapy company in Germany
- October 2021: first of a kind export shipment of extracts for vaporization leaves to Europe in general and Germany in particular**

- Expected to become one of the leading medical cannabis markets in Europe by 2025**
- December 2020: selected as a leading provider in a French governmental pilot to regulate the medical cannabis market alongside International giants such as Tilray and Aurora
- Operate together with Neuraxpharm France under the "NAXIVA-PANAXIR" co-brand
- Received a unique marketing authorization for cannabis tablets
- Products under the pilot are distributed by local pharmacies to ~3,000 patients

Expected initial sales

Premium Oils: In Market (Q1 2021)
Vapes: In Market (Q4 2021)
Oils for oncological patients: Q1 2022

Products are in market (Q1 2021) under the pilot commercial – H1 2023

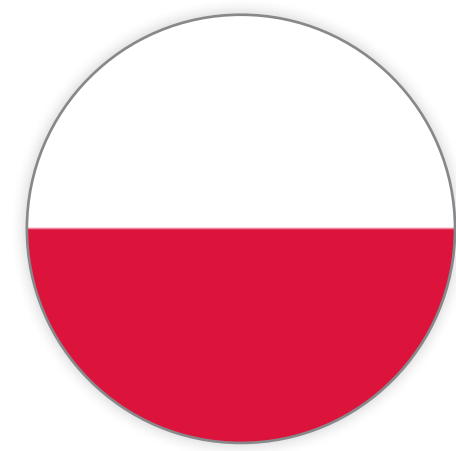
Marketing Partner

Neuraxpharm

Neuraxpharm

**Including through engagements with the Panaxia Global Group as detailed in the Company's Periodic Report for 2020 and in the company's reports*
***Prohibition Partners, The European Cannabis Report, 6th edition*

Entering additional markets with medical cannabis regulation, primarily in Europe



Poland

Activity*

- ✦ August 2021: exclusive marketing and distribution agreement with Neuraxpharm in Poland
- ✦ Expects to receive a marketing permit during H1 of 2022



Cyprus

- ✦ February 2021: Selected by the government as a supplier of medical cannabis oils under the "PANAXIR" brand
- ✦ March 2021: Commercial exports - products are sold to the Cyprus government, which transfers them to the pharmacies



Greece

- ✦ May 2021: Exclusive marketing and distribution agreement with Leriva Group, a leading Greek marketer and distributor of medicines, medical devices, and healthcare services



Denmark

- ✦ March 2020: A non-exclusive 5-year distribution agreement with STENOCARE, Denmark's largest medical cannabis player

Expected initial sales

**H1 2022

In Market

**2022

H1 2022

Marketing Partner

Neuraxpharm

Cyprus Health Authority

Leriva Group

StENOCARE

Additional markets: Brazil, Portugal, South Africa, Malta, New Zealand and others



* Including through engagements with the Panaxia Global Group as detailed in the Company's Periodic Report for 2020 and in the company's reports
 ** Subject to the completion of regulatory procedures; And, in accordance with regulatory requirements - subject to the extension of the agreement of use of the production facility in Malta. It will be clarified that the agreement entered by the company and Panaxia Global Group on using the Malta production facility will expire at the end of December 2021. Extending the agreement is subject to obtaining the permits required under the law



Technological and regulatory capabilities of an innovative pharmaceutical company*

- ❖ **Panaxia products are formulated with nine standardized active ingredients**, compared with only three in most other extraction manufacturers. The high-quality and affordable products that provide the same active ingredient concentration per use/product, allow significant clinical trials
- ❖ **Development of products with advanced delivery methods that are common in the pharma industry** (vaporization extracts, tablets, etc.)
- ❖ **Proven product registration ability in Western countries** (Germany, France, Cyprus); Filing dossiers in a variety of European countries with medical cannabis regulation

**Through engagements with the Panaxia Global Group. For details regarding the Company's rights in relation to the intellectual property, which are owned by the Company's parent company, See the Company's periodic report for 2020*



Pharma standards: certified GMP Facilities

Our plant in Lod is the only one in Israel that complies with two GMP standards:

- ❏ EU-GMP from the European Health Authority
- ❏ Israeli standard IMC-GMP
- ❏ 1,500 square meters of clean rooms, laboratories, and storage space
- ❏ Monthly production capacity of about ~ 5 tons of raw material (hundreds of thousands of finished products)
- ❏ Analytical QC laboratory performs a variety of tests during the production process, allowing a significant reduction in production times and cost

Malta: Additional production facility in the process of adopting the EU-GMP standard:*

- ❏ An area of approximately 500 square meters
- ❏ Expected to become operational by the end of 2021 as a backup and / or alternative to the Israeli facility



** Owned by the parent company and subject to the adoption of the EU-GMP standard. For details regarding the Company's contract with the parent company in relation to the use of the facility in Malta, see the Company's immediate report dated April 12, 2020 (reference number: 2020-01-033718), which is included by way of reference.*

The agreement entered by the company and Panaxia Global Group on using the Malta production facility will expire at the end of December 2021. Extending the agreement is subject to obtaining the permits required under the law

Products backed by clinical trials, the key to pharma validation and efficacy

December 2019: Positive results in a clinical trial (Phase I), which proved the bioavailability, safety, and pharmacokinetics of advanced medical cannabis products. Panaxia is now working to register the products and approve their marketing



**Vaporization
Extracts**



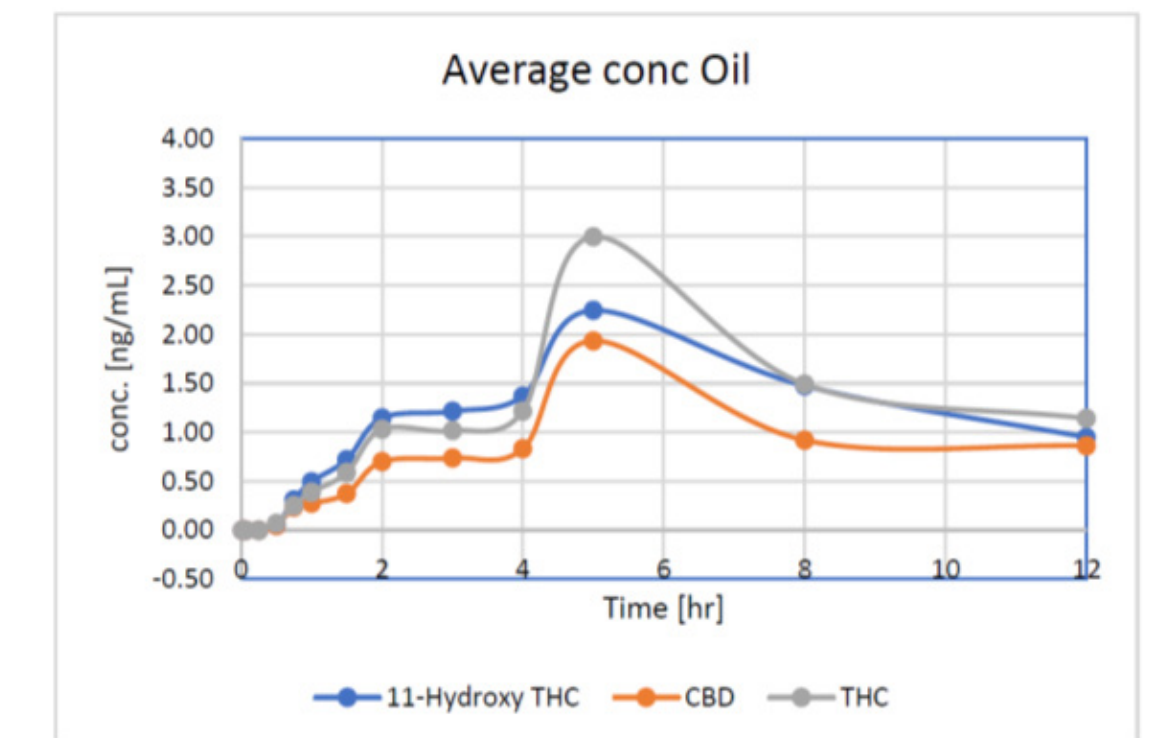
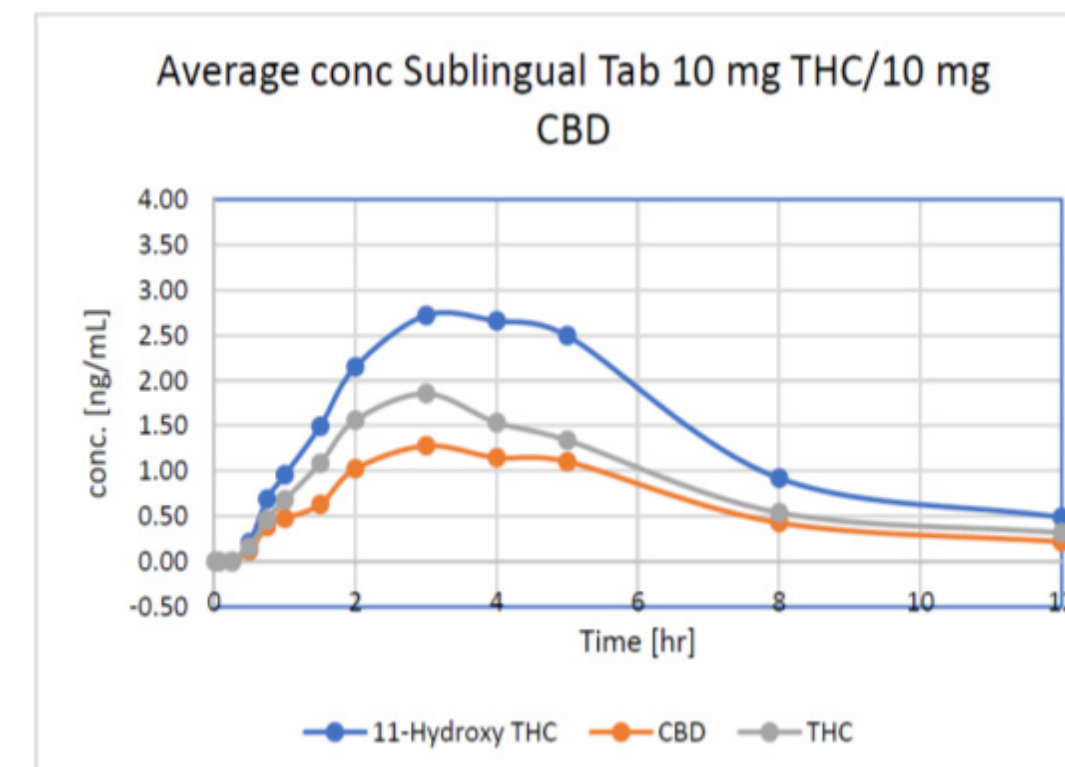
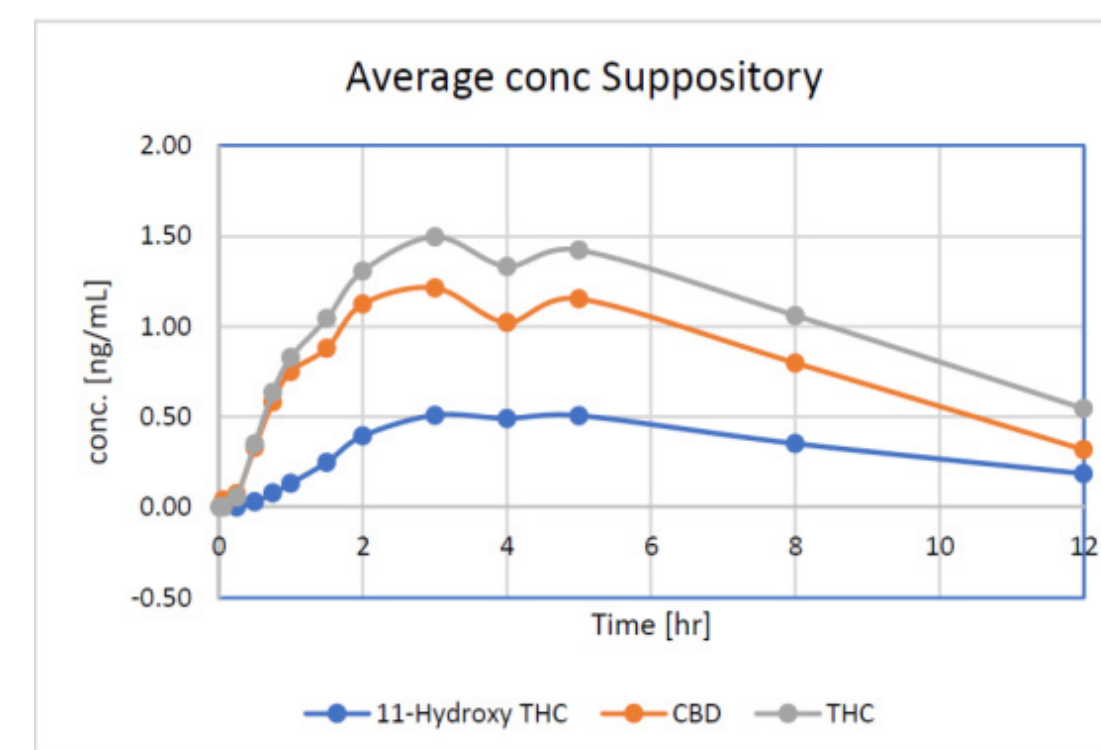
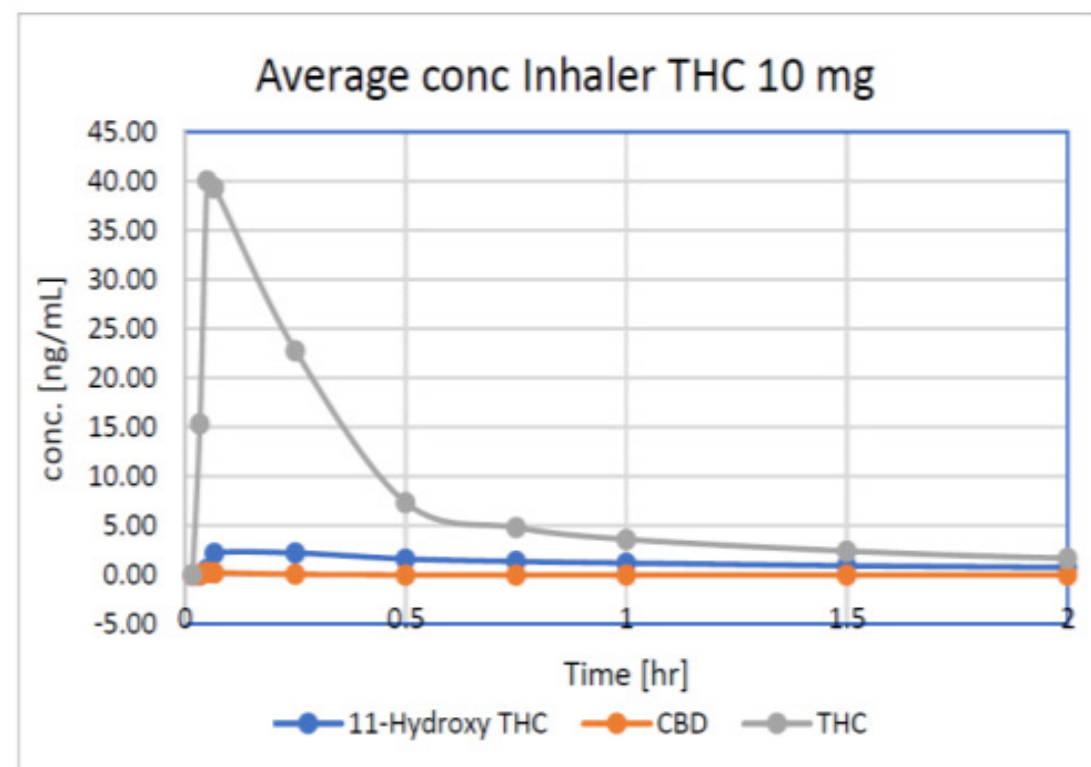
Suppositories



**Sublingual
Tabs**



Oil



Comparison of Plasma PK Panaxia vaporizer, Suppository, Sublingual Tablets and Oil

Panaxia is involved in completed clinical trials (treatment of chronic neuropathic pain*; treatment of epilepsy in children**) and in additional clinical trials in various stages of progress for a range of clinical indications***

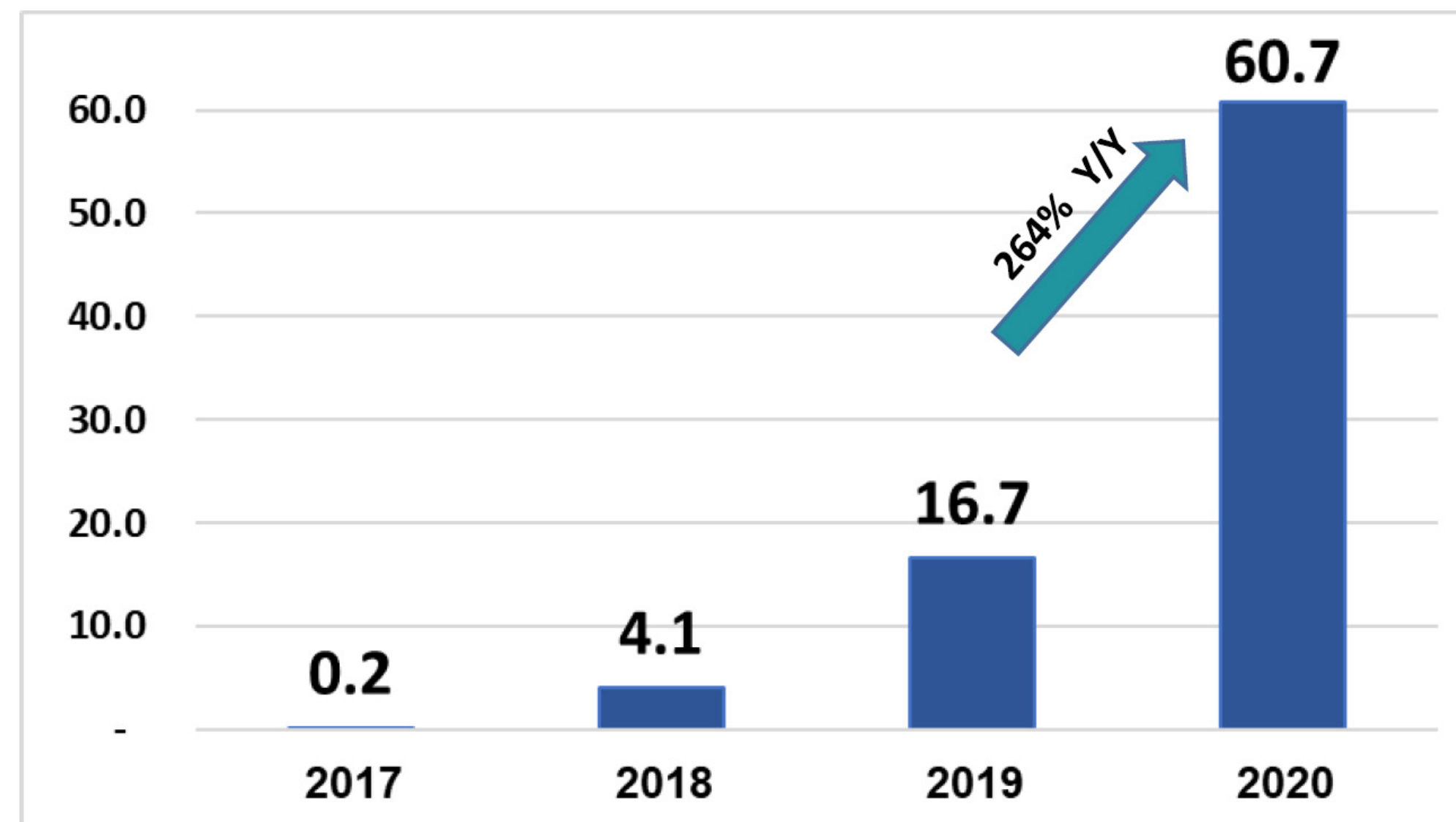
* Weizman, Dayan, Brill, et al. Cannabis analgesia in chronic neuropathic pain is associated with altered brain connectivity, *Neurology*, 2018 Oct 2;91(14):e1285-e1294 e-pub September 2018

** Zadok, Uliel-Siboni, Ilan Linder et al. CBD-enriched medical cannabis for intractable pediatric epilepsy: The current Israeli experience, *Epilepsy Behav*, 47 (2015), pp. 138-141

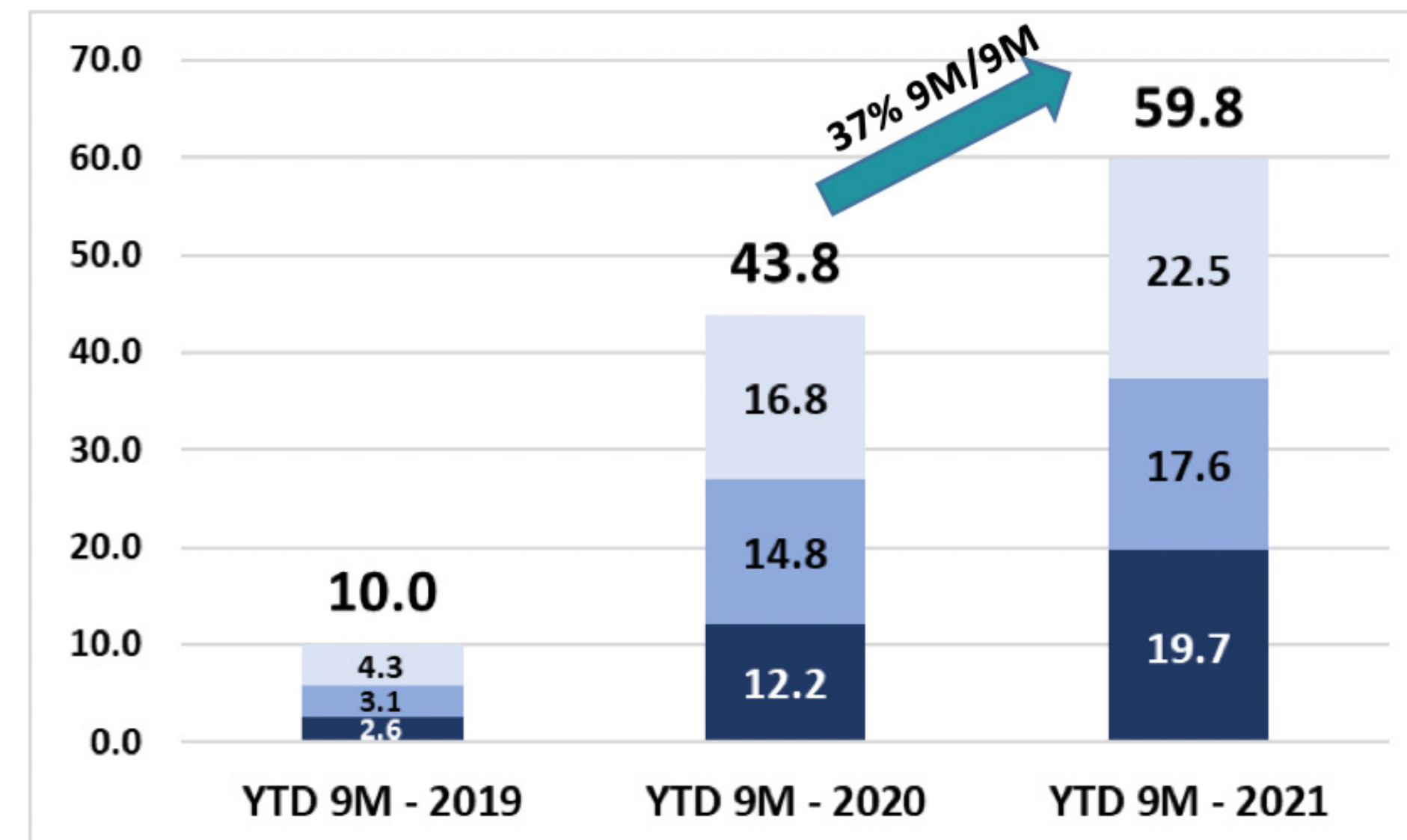
*** For details regarding the Company's rights in relation to intellectual property, see section 19.2 of the Company's Periodic Report for 2020

Continued revenue growth (in NIS millions)

Annual Revenues



Quarterly and Periodic Revenues



■ Q1 ■ Q2 ■ Q3

Selected financial data

K-ILS	Q3-20	Q3-21	2019	2020
L&P				
Revenues	16,849	22,503	16,690	60,747
Gross profit (loss)	1,880	2,174	(1,902)	4,250
Operating profit (loss)	(8,275)	(5,970)	(29,002)	(35,351)
Adjusted EBITDA *	(5,563)	(4,758)	(15,210)	(23,835)
Balance Sheet	30.9.20	30.9.21	31.12.19	31.12.20
Cash	5,097	1,608	14,329	16,622
Working capital	12,427	18,373	2,821	23,246
Total B/S	52,358	94,180	33,124	76,817
Shareholders Capital	21,750	29,646	8,784	30,178
Cash flows				
Ongoing activity	(12,766)	(11,932)	(12,039)	(34,081)
Investment activity	(1,531)	(237)	(3,675)	(7,925)
Financing activity	(208)	6,804	29,608	44,299

* Net income less depreciation, amortization, tax, financing, options and listing expenses

🔗 **October 2019:** Panaxia Israel completes a merger with “Herodium Investments” shell company and lists it on the Tel Aviv stock exchange

🔗 **Capital rounds in 2020-2021:** Raising of NIS 54 million from institutional investors, majority shareholders, and veteran investors

🔗 **Funding sources available to the company:**

- 🔗 Working capital
- 🔗 Balance of the consideration from divesting the retail operations
- 🔗 The company owners’ undertaking to provide a credit facility
- 🔗 A release the company received from a requirement for a lien on deposit

🔗 **July 2021:** announced a possible merger with the majority shareholde

🔗 Panaxia’s majority shareholder holds about 66% of the company

In conclusion:
Panaxia is well-positioned to realize opportunities in Europe and become a leader in the global medical cannabis market





Thank you!

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