



PHARMADRUG SIGNS SUPPLY AGREEMENT WITH GLOBAL CANNABIS SUPPLIER AND PROVIDES UPDATE ON GERMAN OPERATIONS AND BALANCE SHEET IMPROVEMENTS

Toronto, Ontario--(Newsfile Corp. - February 4, 2021) - PharmaDrug Inc. (CSE: BUZZ) (OTC: LMLLF) ("**PharmaDrug**" or the "**Company**") have entered into a supply agreement (the "**Supply Agreement**") on January 4, 2021, with a Canadian based multinational cannabis company for EU-GMP certified medical cannabis. The supply is already registered and approved for sale in the German market.

Pursuant to the Supply Agreement, the Company's licensed German distributor, Pharmadrug Production GmbH ("**Pharmadrug Production**") will purchase branded medical cannabis from the supplier's German subsidiary. Pharmadrug Production has already received regulatory approval to distribute the cannabis and the product has been added to their license. The flower will be imported into Germany by the global supplier and sold under the supplier's medical cannabis brand. The Company expects to begin receiving shipments of cannabis shortly with the goal of commencing distribution to its pharmacy network in the current quarter of 2021. In anticipation of increased inventory, the Company will be expanding the sales and marketing operations within its German cannabis distribution segment.

As previously disclosed, PharmaDrug's primary obstacle to significant growth of its cannabis distribution business is the lack of supply. As such, management sought to increase its supply through additional channels of already approved product while it continued to work on importing its own branded supply. Management is confident that the new flower is ideally suited for the quality requirements of the German market. The Company also expects to be able to distribute the supplier's THC extract oils and anticipates being able to access this product in the next two to three months.

Chairman and CEO Daniel Cohen commented, "We are extremely excited to begin selling the new product and to increase our offering beyond Bedrocan. Carrying a second line of medical cannabis will allow us to significantly increase our sales volumes, revenue, profit margins, and to expand our pharmacy network as we prepare to begin importing our own product."

Mr. Cohen continued: "We will continue to work to expand our supply channels with the aim of supplying several key brands as well as developing our own. Our goal is to be a one stop shop for pharmacies seeking medical cannabis. To this end, we also continue to work with Eve & Co Incorporated to register our own strain from Eve's offerings, and much progress has been made in this regard. We are also in advanced discussions with emerging extractors within the Eurozone to supply us with a white label product that we can sell under our own brand."

CBD Business



The company has also made significant advancements towards launching a CBD line. The CBD business model will differ from PharmaDrug's Medical Cannabis business as it will seek to be a supplier of branded product to be sold via distributors and e-commerce platforms. A quality supplier has been sourced and PharmaDrug Production is already in possession of its first shipment of bulk inventory. The product has been tested by several potential distribution partners and the feedback has been positive. Management is in the process of registering the product for approval with the applicable state regulator. Once approval has been obtained, the Company will finalize distribution agreements and begin to package the product for retail sale under a proprietary PharmaDrug brand.

Balance Sheet Update

PharmaDrug's balance sheet has undergone a significant improvement since it reported its third quarter numbers. Firstly, the selling of marketable securities and the exercising of the Company's warrants have contributed to an increase of cash on the balance sheet, now equaling approximately \$3.5 million. Secondly, the Interrobang debentures have been converted into equity resulting in approximately \$2.5 million in debt being eliminated. The Company still holds marketable securities with a current value of over \$1 million dollars and PharmaDrug has "in the money warrants" outstanding which can potentially bring in approximately \$1 million in additional cash. Management believes it has more than enough cash on hand to fund all its activities in 2021.

About PharmaDrug Inc.

PharmaDrug is a specialty pharmaceutical company focused on the research, development and commercialization of controlled-substances and natural medicines such as psychedelics, cannabis and naturally-derived approved drugs. The Company owns 80% of PharmaDrug Production GmbH, a German medical cannabis distributor, with a Schedule I European Union narcotics license and German EuGMP certification allowing for the importation and distribution of medical cannabis to pharmacies in Germany and throughout the EU. The Company also owns 100% of Super Smart, a Dutch company building a modern adult use psychedelic retail business with an elevated and educational focus. PharmaDrug recently acquired Sairiyo Therapeutics, a biotech company that specializes in researching and reformulating established natural medicines with a goal of bringing them through regulatory and research driven clinical trials.

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