



PHARMADRUG EXPANDS PRODUCT OFFERING TO PREPARE FOR POTENTIAL ADULT USE MARKET IN GERMANY

Toronto, Ontario--(Newsfile Corp. – November 1, 2021 - PharmaDrug Inc. (CSE: PHRX) (OTCQB: LMLLF) ("**PharmaDrug**" or the "**Company**"), 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, is pleased to announce that its 100% owned cannabis and controlled substance distributor Pharmadrug Production GmbH ("**Pharmadrug Production**") has expanded its product offering with a goal to increase its pharmacy network and sales volume as it prepares for the significantly increased potential of cannabis adult use legalization in Germany.

In the immediate term, the Company has signed a supply agreement for Dronabinol, a synthetic THC oil that currently dominates the medical cannabis oil market in Germany. Pharmadrug Production has already added the product to its license and first shipment is expected this week. Sales efforts have already begun with first customer deliveries slated to begin in the current quarter. Management believes the selling of Dronabinol will serve to increase sales volumes, but should also significantly increase its pharmacy distribution network beyond its current levels. The Dronabinol is a third party product and Pharmadrug Production will act as a distributor much like its Bedrocan business. The Company is in advanced discussions with two separate manufacturers to be able to supply Dronabinol on a white label basis to be branded as a PharmaDrug product.

During the month of October, Pharmadrug Production conducted the final inspection of its supply partner in Denmark. The visit was deemed successful with the newly built cannabis oil extraction facility fulfilling all the necessary requirements to be able to supply GMP calibre THC oils to the German medical cannabis market. The Company has registered the initial product with the regulator, and it has been added to its controlled substance license. The initial product will be a PharmaDrug branded high THC oil. It is currently going through confirmatory stability testing with final results and certificates of analysis scheduled for this coming January. Once launched, PharmaDrug and its Danish supply partner have planned to introduce other oils including a balanced CBD / THC oil.

While the Company recently made the decision to focus its growth on cannabis oils and extractions, management believes the outcome of the recent election and the likelihood of adult use on the horizon requires a renewed focus on cannabis flowers. As expected, recent trends showed that cannabis oil growth is accelerating and is on a path to overtake flowers at some point in the future. That being said, the introduction of adult use should reignite the flower market. As such, the Company has resumed discussions to introduce a unique brand of flower to the German market. Such a product can either take the form of a third-party brand with an exclusive relationship and marketing sovereignty or a unique white label product that will carry the PharmaDrug brand.



Daniel Cohen, CEO of PharmaDrug commented, “We are extremely excited to be able to introduce new products in the immediate to short term. Adult use cannabis in Germany is a game changer and the next eighteen months will be a crucial time for strategic positioning. We are confident that the Company is making the right moves to increase its pharmacy network and establish PharmaDrug as a recognized brand in the German cannabis market.”

On a final note, PharmaDrug was able to increase its ownership of Pharmadrug Production to 100% at the end of August. The Company had originally purchased 80% of the German distributor in May of 2019. The previous owner and holder of the final 20% went through some personal financial difficulties thereby enabling PharmaDrug to purchase the remaining equity stake at a sharp discount to both IFRS book value and what management believes to be fair market value. PharmaDrug’s management and board believe this opportunity came at the right time given the current German political landscape and high potential for the introduction of legal adult use cannabis.

German Adult Use Legalization

Following the recent German federal elections that took place on the 26th of September, a new coalition government is expected to be formed by the “Traffic Lights” group. The coalition was so named due to the colours of the red Social Democrats, yellow Free Democrats and the Green Party. The formal coalition agreement is expected by the end of November with an official government to follow in the first half of December. All three parties support the legalization of adult use cannabis. While it’s a fundamental platform for the Green Party, it is believed that the other two groups support it due to the need for additional government revenue in light of a strong campaign promise for no new additional taxes.

Discussions so far have pointed to a form of a cannabis control act. This would imply a regime where cannabis remains a controlled substance that would be subjected to stricter controls than alcohol or tobacco. The Green Party is advocating for specialty stores while the more conservative Free Democrats would prefer sales to remain in pharmacies. Regardless of the end retail model, two major themes have emerged. Firstly, there is a strong likelihood that adult use will be legalized in the next couple of years; and secondly, it will probably remain a controlled substance but with expanded access. This would imply that the current supply chain regulatory framework will remain in place and that the importation and distribution of cannabis will continue to require a narcotics or controlled substance license. A license that the Company currently has with Pharmadrug Production.

About PharmaDrug Inc.

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Production GmbH (“Pharmadrug Production”), 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 European Union. PharmaDrug recently acquired Sairyo Therapeutics (“Sairyo”), a biotech company that specializes in researching and reformulating established natural medicines with a goal of bringing them through clinical trials and the associated regulatory approval process in the US and Europe. Sairyo is currently developing its patented reformulation of cepharanthine, a drug that has shown substantial third party validated potential for the treatment of Covid-19 and rare cancers. Sairyo is also conducting R&D in the psychedelics space for the treatment of non-neuropsychiatric conditions. The Company also owns 100% of Super Smart, a company building a vertically integrated retail business with the goal to elevate the use of functional mushrooms, and psilocybin mushrooms where federally legal, as natural based medicines.

For further information, please contact:

Daniel Cohen, Chairman and CEO

dcohen@pharmadrug.co

(647) 202-1824

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This press release contains “forward-looking information” within the meaning of applicable securities legislation. All statements, other than statements of historical fact, included herein are forward-looking information. Generally, forward-looking information may be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “proposed”, “is expected”, “budgets”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. In particular, this press release contains forward-looking information in relation to: the development and commercialization of cepharanthine, the results of the Company's research and development in the psychedelics space and the development of the Supersmart business. This forward-looking information reflects the Company's current beliefs and is based on information currently available to the Company and on assumptions the Company believes are reasonable. These assumptions include, but are not limited to the ability of the Company to successfully execute on its plans for the Company and its affiliated entities; the ability to obtain required regulatory approvals and the Company's continued response and ability to navigate the COVID-19 pandemic being consistent with, or better than, its ability and response to date.

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A description of additional risk factors that may cause actual results to differ materially from forward-looking information can be found in the Company's disclosure documents on the SEDAR website at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking information. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated.

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