



CORPORATE PRESENTATION

CSE:BUZZ | Q2 2020

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BUSINESS OVERVIEW

Pharmadrug is a European controlled substances company with a focus on **3 core business units**:

- 1. Retail Psychedelics:** Entering the European psychedelics marketplace via the recent acquisition of Super Smart, a retail psychedelics company focused on consolidating the fragmented Dutch smartshop market.
- 2. Pharmaceutical Psychedelics:** Developing a strategy to distribute new forms of pharmaceuticals derived from psychedelics as they achieve regulatory approval and get legalized in jurisdictions across the Eurozone.
- 3. German Cannabis Distribution:** 80% interest in 1 of 15 German licenses to import & distribute medical cannabis through out the E.U.

RETAIL PSYCHEDELICS OVERVIEW – SUPER SMART

- Entering the European psychedelics marketplace via the recent acquisition of Super Smart
- Super Smart's business revolves around Smart Shops and retail sales of psychedelics to the legal, recreational market within the Netherlands
- Smartshops specialize in the sale of psychoactive substances including psychedelic truffles and cacti, CBD products, grow kits, kratom and paraphernalia
- Strategically based in the Netherlands, an area with a long-standing, established legal magic truffles market



SMART SHOPS – HIGHLY FRAGMENTED & RIPE FOR CONSOLIDATION

- The Dutch government permits the sale of psilocybin-containing sclerotic, more commonly known as 'truffles'
- There are roughly 100 smart shops currently spread throughout The Netherlands with an annual market value of approximately €100 million
- Unlike coffee-shops, they have a legal framework that allows them to sell entheogenic plants, which are plants containing substances that have hallucinogenic properties. The bulk of what is sold in smart shops are truffles that contain psilocybin, the active component of "magic" mushrooms
- Around 93% of all smartshops across Holland are managed by single shop operators
- Not more than a handful of proprietors own more then three stores, individually or as a group
- Due to the fragmented nature of the current retail landscape, there is little brand loyalty and no clear vision across various storefronts. The industry is ripe for consolidation.

RETAIL PSYCHEDELICS - ROLL-UP STRATEGY

- Super Smart will seek to acquire smartshops and deploy disciplined business expertise, retail best practices and consistent branding across multiple locations to capture market share and improve margins in this rapidly growing segment
- We see significant opportunities to create value with a roll-up strategy:
 - ✓ Economies of scale arising from better purchasing power over vendors and consolidation of overhead expenses to drive higher margins
 - ✓ Lower customer acquisition costs via superior brand awareness and online presence
 - ✓ Better regulatory compliance at a lower cost per store
 - ✓ Scalable to additional European markets as regulations evolve

PHARMACEUTICAL PSYCHEDELICS

- Psychedelics have shown promising efficacy across a broad range of both mental and substance abuse disorders
- The market for psychedelic derived medicines and therapies is estimated to be as high as USD\$100 Billion
- Over the past decade, growing societal awareness and acceptance of mental health disorders and addiction as real diseases has accelerated the push for new and innovative treatments using psychedelics, including psilocybin
- Pharmadrug is developing a strategy to leverage its Eurozone narcotics license to distribute new forms of psychedelic derived pharmaceuticals as they achieve regulatory approval or get legalized in jurisdictions across the Eurozone

EUROPEAN CANNABIS DISTRIBUTION

- **Gateway into the Eurozone for global licensed producers:** 80% interest in 1 of 15 German licenses to import & distribute medical cannabis
- Supply relationship with The Netherlands Office of Medicinal Cannabis, to which Bedrocan, acts as the exclusive supplier of medical cannabis
- Continuing to grow the distribution business and the number of pharmacies in our network significantly over the next six months
- Recently signed two major supply agreements, which will supply Pharmadrug with medical cannabis to be distributed under our in-house brand: *Cannabion*

EUROPEAN CANNABIS STRATEGY

Class I

narcotics distribution license with GMP
cannabis distribution rights

Capability

to get foreign operators Euro GMP product registration & import into Germany

Importing

Bedrocan cannabis from the Netherlands and licensed to import cannabis under our in-house brand

Growth

Two supply agreements signed with pipeline of Canadian and emerging European LPs & the potential to access German supply once available

A Gateway To Europe for Global LPs



CANNABIS IN EUROPE: BY THE NUMBERS

Europe is forecast to have the world's largest legal and medical cannabis markets by 2023.

€123b

Potential total market value by 2028 (medicinal and recreational cannabis).

€65billion

Estimated value of European recreational market by 2028

€2.3trillion

Total spent on healthcare each year

In the European Union (EU) and Norway, 23 million people, or nearly 7% of all 15-64 year-olds, used cannabis in the past year; of these, 3.6%, or 12 million, consumed cannabis in the past month

CANNABIS IN EUROPE: KEY TRENDS AND TAKEAWAYS

2019 marked a turning point for European cannabis

- ✓ Germany imported **6,714 kg** of medical cannabis in 2019, more than double the total for 2018
- ✓ The German medical market is expected to be **3x** larger than Canada, including higher anticipated pricing through government reimbursement
- ✓ Visibility and public acceptance of cannabis continues to expand as new scientific discoveries increase understanding of potential health benefits
- ✓ New legislation in six countries setting the stage for continued momentum beyond 2020
- ✓ More than **€500m** invested in European cannabis businesses
- ✓ At this pace, Europe will be world's largest legal market by 2023 and, by 2028, have a potential total market value of **€123B**



Size: EU market estimated to be **USD\$123B** by 2028



Supply: Insufficient cultivation



Growth: Or lack thereof... just three grow licenses granted for 2021

MANAGEMENT TEAM

Daniel Cohen, CFA
CEO



Daniel has over 20 years of capital markets experience, most recently spending several years as Head of Sales at Beacon Securities. During this time, Daniel successfully financed and launched multiple public companies.

Harry Resin
President, Super Smart



Harry has worked in the cannabis industry for the last 17 years as a supply chain consultant to coffee-shops in Amsterdam and as a founding member of an original Amsterdam seed company. He has also served as a staff writer for High Times.

Keith has over 10 years of experience in public accounting and accounting in the private sector. His specialties include audit and assurance, corporate accounting, financial reporting, and regulatory compliance services.

Keith Li, CPA
CFO



ADVISORY BOARD



Terry Booth

Advisory Board Chairman

Global cannabis industry pioneer and founder of Aurora Cannabis (TSX-ACB), Mr. Booth will chair Pharmadrug's Advisory Board and help guide the Company's European cannabis and psychedelics strategies.

Uniquely skilled at seizing M&A opportunities (over 30 transactions and acquisitions worth over \$8 billion in the last five years), Mr. Booth brings over 25 years of experience in creating, growing and leading companies in highly regulated industries.

- ✓ Significant capital markets and M&A expertise
- ✓ Deep knowledge of European cannabis markets
- ✓ Prominent investor in the emerging psychedelics space

CAPITALIZATION SUMMARY

| | |
|--|---------------|
| Common Shares | 139.8M |
| ITM Warrants & Options | 85.5M |
| \$2.5M Debenture Convertible at \$0.05 | 50.0M |
| \$991k Debenture Convertible at \$0.07 | 14.2M |
| Fully Diluted ITM Shares Outstanding | 289.5M |
| Out-of-the-Money Warrants & Options | 26.8M |
| Fully Diluted Shares Outstanding | 316.3M |

CONTACT INFO

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