

February 11, 2019

To our Shareholders,

The last year was a critical year in which we laid the foundations for the sustainable success for our Company. We defined our strategy carefully and consolidated our positioning as a company which undertakes the research and development of fully validated medical products and pharmaceuticals based on cannabis. As a company, we do not want to participate in the undifferentiated cannabis market, as we believe that this will rapidly become commoditized and any short-term value generated will disappear. Whilst the pathway we are taking is longer and more complex, it is our belief that it will deliver genuine medical benefit to patients who lack solutions to debilitating, and in some cases, life-threatening diseases.

We believe that during 2018, we made the appropriate moves to execute on this positioning.

I would like to reiterate some of our R&D achievements during the last 12 months:

- 1) We completed our safety study on our cannabis cream for skin disorders, which we will continue to develop for Psoriasis as primary indication;
- 2) We completed the development of our second generation, sub-lingual, disintegrating tablet – an important measured-dose delivery form as a potential substitute to smoking;
- 3) We have completed the preparations for a comparative safety and efficacy study between our second-generation tablet and an approved, marketed product, which if completed successfully will allow us to procure approval from the Israeli Health Ministry for production and export of our tablet;
- 4) For our Multiple Myeloma (cancer therapy) program, we successfully completed a dosing study for our proprietary, systemic emulsion delivery system in rats. Our pre-clinical results indicated strong potential of our cannabis-based formulations to kill cancer cell lines and tumors in mice. This important milestone was fundamental to enable the translation of these pre-clinical results into a potential therapy.

On the business and corporate front:

- 1) The Company has continued to evaluate potential commercialization pathways and relationships in the United States of America and Canada, and to this end, recruited a Manager of Business Development, with considerable experience in the pharmaceutical market;
- 2) The Company raised US \$5 million through a preferred convertible offering from an institutional investor. The Company intends to raise additional capital to further develop our research scope and depth, our clinical and regulatory activities and our commercial development.

- 3) The Company has recently announced its intention to carry out a reverse stock split. As you all understand, this action involves no loss of value to any shareholder, but simply replaces and proportionately consolidates the outstanding shares with a lower number of higher value shares. Management believes that this change is essential to position the company for potential future financings and for other structural changes, such as a possible stock market upgrade, which we may be required to develop the full potential of the Company and its technology;
- 4) We unfortunately had to say farewell to our CFO, Mr. Yossi Dagan, who has provided us exceptional service. Yossi was hunted by a venture capital and major strategic-backed company in the technology sector, a sector in which he has greater familiarity. We were in turn very happy to welcome on board Ms. Sigal Russo, a CPA, with significant experience in the biotech sector. The parting with Yossi was amicable and he will continue to support the company to ensure smooth and complete transition.

With respect to our timeline going forward, key upcoming events include the following:

- 1) Our comparative safety and efficacy trial for our tablet will be initiated in the second quarter of 2019. This duration of this trial is expected to be four month.
- 2) The efficacy trial for our cannabis cream will also be initiated in the third quarter 2019. This duration of this trial is expected to be approximately 24 months.

The timing of the initiation of these trials is critically dependent on receiving all the appropriate approvals from the requisite authorities.

I would like to end by reiterating what I have said in previous communications, that whilst we understand that investors are keen to receive news flow, our clinical programs take time to obtain the necessary approvals, recruit patients and process data. These clinical programs are however key to our ultimate ability to provide genuine medical solutions and thereby to create real value for our shareholders.

We look forward to your continued support.

Yours sincerely,

Dr. Stanley Hirsch,

Chairman of the Board

Notice Regarding Forward-Looking Statements

This news release contains “forward-looking statements” as that term is defined in Section 27A of the United States Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. Statements in this press release, which are not purely historical, are forward-looking statements and include any statements regarding beliefs, plans, expectations or intentions regarding the future. Such forward-looking statements include, among other things, filing patent applications, product development, and business strategy. Actual results could differ from those projected in any forward-looking statements due to numerous factors. Such factors include, among others, the inherent uncertainties associated with new projects and development stage companies. These forward-looking statements are made as of the date of this news release, and we assume no

obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those projected in the forward-looking statements. Although we believe that any beliefs, plans, expectations and intentions contained in this press release are reasonable, there can be no assurance that any such beliefs, plans, expectations or intentions will prove to be accurate. Investors should consult all of the information set forth herein and should also refer to the risk factors disclosure outlined in OWC Pharmaceutical Research Corp. (OTCQB: OWCP) periodic reports filed from time-to-time with the Securities and Exchange Commission.