

Stock Data

Share Price:	2.35p
Market Cap.:	£63.2m*
Shares in issue:	2,403m*
UK high/low since Admission:	9.30p/2.00p

*Excludes shares from Placing of 30/11/2021

Company Profile

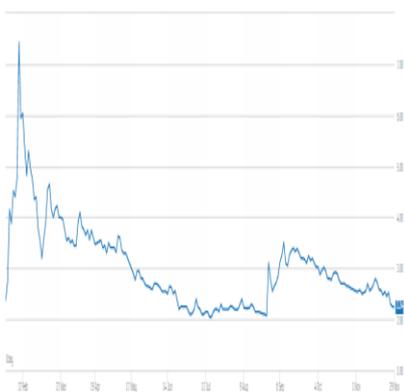
Sector:	Healthcare
Ticker:	MXC
Exchange:	LSE, ASX

Activities

MGC Pharmaceuticals Limited ('MGC', 'MGC Pharma' 'the Group') is a European-based, vertically integrated bio-pharma company supplying EU-GMP Phytocannabinoid-derived products to patients.

www.mgcpharma.com.au/

Share Price Performance since Admission*



*MGC Pharmaceuticals shares Admitted to the Standard Listing Segment of the Official List on 9 February 2021
Source: LSE

Past performance is not an indication of future performance.

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MGC Pharmaceuticals Limited

In anticipation of a sharp ramp-up in operational activities during 2022, MGC has today announced its successful raising of £5.5m (gross) new funding through an equity placing priced at 2p/share that was subscribed by a mix of new and existing shareholders. Added to the AUD\$4.2m cash-at-bank held at the end of September 2021, along with access to an additional AUD\$9.25m undrawn from its AUD\$15m facility with Mercer Street Opportunity Fund LLC, the Group now appears to be well resourced to accelerate a number of key and timely projects. These include its Phase III Clinical Trial for CimetrA™, in tandem with securing Good Manufacturing Process ('GMP') accreditation for its new Maltese facility with the aim of commencing the drug's first scale production in mid-2022, given potential for both Emergency Use Authorisation in India and fast-track approval in the US. Being the most heavily mutated version of the spike protein, Omicron, the newly discovered variant of COVID-19 highlights not only the possible impact of further international waves of infection on already heavily burdened public health systems, but also the urgent patient need for rapid introduction/high availability of new treatments, such as CimetrA™, that have tangibly demonstrated significant anti-inflammatory and immune-modulatory effects through Cytokine-level monitoring.

Use of net proceeds

The net proceeds of the Placing will principally be used for:

- CimetrA™ Emergency Use Authorisation application and testing procedures in five key countries in Central/Eastern Europe and Central Asia;
- New Malta production facility fit-out and commissioning;
- Costs of additional CimetrA™ dosing trials in Russia and USA to comply with FDA prerequisites for approval, and CannEpi® clinical trials in the US with partner AMC;
- General working capital needs.

Omicron – Highlighting the urgent need to treat COVID-19 symptoms

Preclinical and Clinical results to date have demonstrated CimetrA™'s mechanism of action as an anti-inflammatory and immunomodulatory agent. MGC's proprietary nanoparticle micellar formulation is effective in both mild and severe cases for the prevention of severe inflammation by its control of increased Cytokine production which results from an infection of the different variants of SARS-CoV-2 (the virus responsible for coronavirus disease), the forerunner of a Cytokine Storm, which is believed to be the main reason for mortality in severe COVID-19 patients.

In a technical brief issued on Sunday, 28th November, the World Health Organization ('WHO') warned its 194 member states that the new variant's numerous mutations "may confer immune escape potential and possibly transmissibility advantage," and as a result "the likelihood of potential further spread of Omicron at the global level is high." It went on to note that the risk to vulnerable populations — especially in countries with low vaccination rates — could be "substantial." The suggestion is that those who have contracted COVID-19 and already recovered, could possibly catch it again. The high number of mutations (around 30 noted so far) specific to Omicron could affect how easily it spreads amongst the human population. While the Delta variant is presently the predominant form of the virus, accounting for more than 99% of sequences submitted to the world's biggest public database, Omicron's global penetration can be expected to expand rapidly beyond the dozen or more nations that have identified it so far. Indeed,

with just c.40% of the world's population (and less than 25% of the African continent) having received even a partial vaccination, it is also highly unrealistic to expect it to be the last. Given the pressure that this is likely to impose on the world's already highly stressed public health systems, demand for treatments that have tangibly demonstrated efficacy in treatment of patients with mild to severe COVID-19 is likely to rise sharply.

A busy quarter – Report of the three months to 30 September 2021

MGC released its latest quarterly activities report to end-September on 26 October 2021. This detailed a busy period during which CimetrA™ was granted import approval by the government of India as part of the emergency use authorisation process and US based AMC Holdings Inc. ('AMC'), executed a US\$24m 3-year Supply and Distribution agreement, thereby launching the Group into the USA healthcare market. As part of this, AMC will obtain a US National Clinical Trial Number to facilitate US based research into MGC's products, while also ordering 1,000 units of CimetrA™ in order to fast track the US approval process.

Elsewhere, CannEpi® became the first government reimbursed medical cannabis product in Ireland, while a Patent Application submitted for a Cannabinoid Drug Delivery System to European Intellectual Property Office with the patent expected to be granted in 2022. A UK Import permit was granted for CannEpi+, which has been made freely available on compassionate grounds to ten patients for six months, whose treatment will be monitored as part of an Observational Trial using a data collection App provided by Alta Flora Ltd. September also saw ArtemiC™ receive approval for sale and receipt of a Certificate of Free Trade in the European Union subsequent to which, as was announced on 4 May 2021 under terms of a purchase order, a full c.€650,000 value is due to be received early next month from leading European nutraceuticals distributor, Swiss PharmaCan AG.

A strong financial performance was reported for the quarter with AUD\$964,000 of cash receipts, including AUD\$564,000 of Phytocannabinoid medicine sales. As such, the September and June quarters combined delivered a record AUD\$2.2m in cash sales receipts for a consecutive 6-month period, with increasing month-on-month sales being generated from new key markets including the United Kingdom and Ireland. The Group had c.AUD\$4.2m cash at bank at the end of the September, with access to an additional AUD\$9.25m undrawn from its AUD\$15m financing facility with Mercer Street Opportunity Fund LLC.

Outlook for the current quarter to 31 December 2021

MGC's Board has stated it considers the outlook for the current quarter to be very positive. The monthly sales pipeline for its phytocannabinoid medicines for October sustained the trend shown in September, coupled with delivery of the next large ArtemiC order to Swiss PharmaCan in the coming days.

Beyond this, MGC's Board has also noted its anticipation of strong sales growth and cash receipts over the period as a result of:

- European purchase orders for the upcoming December quarter have already exceeded the last 2 quarters combined
- Ireland's CannEpi® launch in early October already contributing to sales
- Potential CimetrA™ Emergency Use Authorisation approval in India, which would lead immediately to commercial supply contract negotiations
- CimetrA™ launch in the USA through strategic medical partner AMC, enabling MGC to become more active in the world's largest pharmaceutical market

Malta Production Facility Completion

MGC's new Production Facility in Malta was completed on schedule on 2 November 2021. It remained within the parameters of the €3.1million cash grant that was secured on the back of the Group's longstanding commitment to Malta/collaboration with Malta Enterprise, which is focused on the establishment of a robust phytomedicines-based pharmaceutical operation based on highest international standards.

The facility's equipment fit-out and commissioning phase is now underway (which is expected to take around 6 months to complete). First commercial production expected to commence in mid-2022, following which it is expected to create a European manufacturing hub for CimetrA™ with capacity to produce over 20,000 units/day in liquid dose form (double that originally planned) and for other

medicines, putting MGC in a strong position to meet near-term demand and streamline global distribution through convenient shipping access.

CannEpil® becomes the first medical cannabis product available in Ireland

On 15 June 2021, MGC announced that CannEpil® (the Group's phytocannabinoid Investigational Medical Product designed to treat Drug Resistant Epilepsy) had been approved for prescription under Ireland's Medical Cannabis Access Program ('MCAP') as well as receiving approval from the Country's Health Service Executive to be a fully reimbursed medication, making it free of charge for Irish patients prescribed the treatment under the MCAP. CannEpil® was officially launched in Ireland on October 14th and is now being prescribed to patients.

On 13 September 2021, the UK's Medicines and Healthcare Products Regulatory Agency ('MHRA') also approved CannEpil+™ for import through MGC Pharma's clinical access partner Elite PharmaCo Ltd. This was the first time a cannabis-based treatment for Epilepsy, currently in Clinical Trial phase, has been approved for import by UK authorities.

MGC is now well funded to fulfil its growth ambitions

The six months to end-September 2021 saw MGC pass a number of major milestones. These have laid the foundations for the continued growth and future success of the Group. Not only did it secure entry into the largest healthcare market in the world through the US\$24m 3-year Supply and Distribution Agreement with USA based AMC Holdings, but also delivered its strongest consecutive quarter-on-quarter result for cash receipts from sales, delivering over AUD\$2.2m of cash inflows for the period. Adding the net proceeds from today's fund raising to existing cash-in-hand and undrawn facilities, TPI considers the Group is now adequately resourced to service anticipated near-term demand for CimetrA™ through Emergency Use Authorisation, as high-margin scale production through its Maltese facility comes onstream next summer. In tandem with this, MGC is expected to continue to progress CimetrA™'s Phase III clinical trial alongside Phase IIb trials of phytocannabinoid derived CannEpil® (targeting c.50 million people globally who suffer with Epilepsy and specifically the 33% of those with Drug Resistant Epilepsy), and Phase II CogniCann® (offering potential behavioural benefits for patients with dementia and Alzheimer's disease).

Roby Zomer, co-founder and Managing Director of MGC, noted with today's confirmation of his Group's successful fundraising, "This latest fundraise will provide MGC Pharma the capital required to continue the excellent progress we have made this year with our clinical pipeline."

He went on to note, "In the last few months, we have made real progress on advancing CimetrA™ towards Emergency Use Authorisation in the key global territories, all while achieving record revenue figures on our existing products, including ArtemiC™. With the completion of our CimetrA™ Production Facility in Malta now awaiting its fit-out, we will soon be in a position to meet the expected demand for this product when we achieve Emergency Use Approval in key territories and really make a difference to the treatment of COVID-19 patients. By looking for Emergency Use Approval of ArtemiC™ in India and the USA (with our partner AMC), two of the largest pharmaceutical markets in the world, amongst others, we are showing our belief in the product, and our ambition for MGC Pharma."

"The benefits of CimetrA™ are being shown in trials across the world. As more variants emerge, we believe that CimetrA™ will be able to treat them, as the product treats the symptoms of the disease. It is more important than ever that we accelerate the Emergency Use Authorisation process in territories across the globe, to make sure that all patients have access to CimetrA™."

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