26 July 2021

ASX Code: MXC

LSE Code: MXC

ASX RELEASE

June 2021 Quarterly Activity Report

Key Highlights:

- June quarter delivers record sales of ~$945,000 in revenue, comprising ~$665,000 of phytocannabinoid medicines
- Second Wholesale purchase order received from leading European nutraceuticals producer and distributor, Swiss PharmaCan AG, for ArtemiC™ equating to total of ~$1,000,000 in revenue upon full delivery of product, expected during the September quarter
- Acquisition of global pharmaceutical clinical research company, MediCaNL, to deliver MGC Pharma significant cost synergies and expedited clinical trial processes
- CannEpil® added to the Primary Care Reimbursement Service in the Republic of Ireland making it free of charge for Irish patients prescribed the treatment under its Medical Cannabis Access Program
- Construction work significantly advanced at the Company's Malta GMP facility with completion scheduled to occur in October 2021
- Recruitment of patients into the CimetrA™ Phase III clinical trial commenced at Rambam Health Care Campus and Nazareth Hospital EMMS in Israel
- 21 patients enrolled at the University of Notre Dame in Perth, Western Australia for MGC Pharma's CogniCann® phase II clinical trial on patients with dementia and Alzheimer's disease
- Patent Application submitted to the Slovenian Intellectual Property Office for CimetrA™

MGC Pharmaceuticals Ltd (ASX, LSE: MXC, 'MGC Pharma' or **'the Company'),** a European based bio-pharma company specialising in the production and development of phytocannabinoid-derived medicines is pleased to provide its Quarterly Activity Report for the three months ended 30th June 2021.

Roby Zomer, Co-founder and Managing Director of MGC Pharma, commented: "*During the June quarter MGC Pharma delivered a number of landmark achievements which highlight the progress that the Company has continued to deliver since its listing on the London Stock Exchange in February of this year. During the June quarter the Company achieved a number of significant milestones including the Republic Ireland adding CannEpil® to their Primary Care Reimbursement Service, which makes CannEpil free of charge when dispensed under Ireland's Medical Cannabis Access Program. In addition to this, the Company commenced the enrolment process for patients into both its CimetrA™ and CannEpil® clinical trials.*

These achievements, in conjunction with the record sales delivered during this Quarter has strengthened the Company's global pharmaceutical footprint, and ensures that MGC Pharma remains on a strong operational and commercial growth trajectory going into the new financial year."

Acquisition of Medical Research Company

During the quarter MGC Pharma, through it acquisition of MediCanNL Inc., acquired MediCaNL Israel 2019 Ltd (**MediCaNL**), an Israeli company operating in, and providing specialist services to the pharmaceutical sector for the development of new medicines. MediCaNL offers clinical and preclinical trial services, as well as providing assistance with clinical trials, including supplying research data from past Phase I to IV studies.

info@mgcpharma.com.au | mgcpharma.com.au
MGC Pharmaceuticals Ltd | 1202 Hay Street, West Perth, WA 6005
PO Box 1976, West Perth WA 6872
T: +61 8 6382 3390

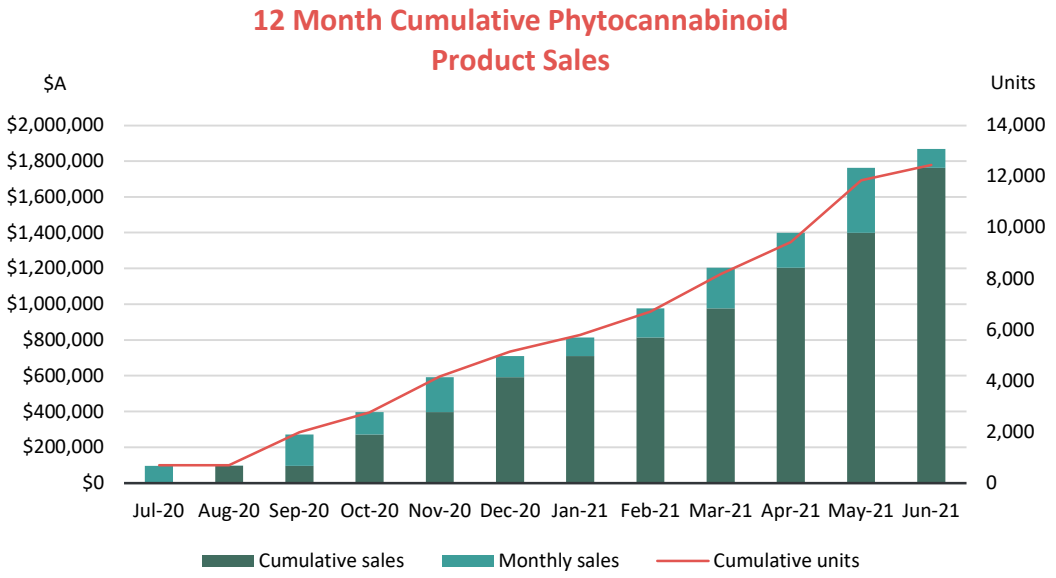
MediCaNL has an existing client base and is working on 40 different projects and clinical trials.

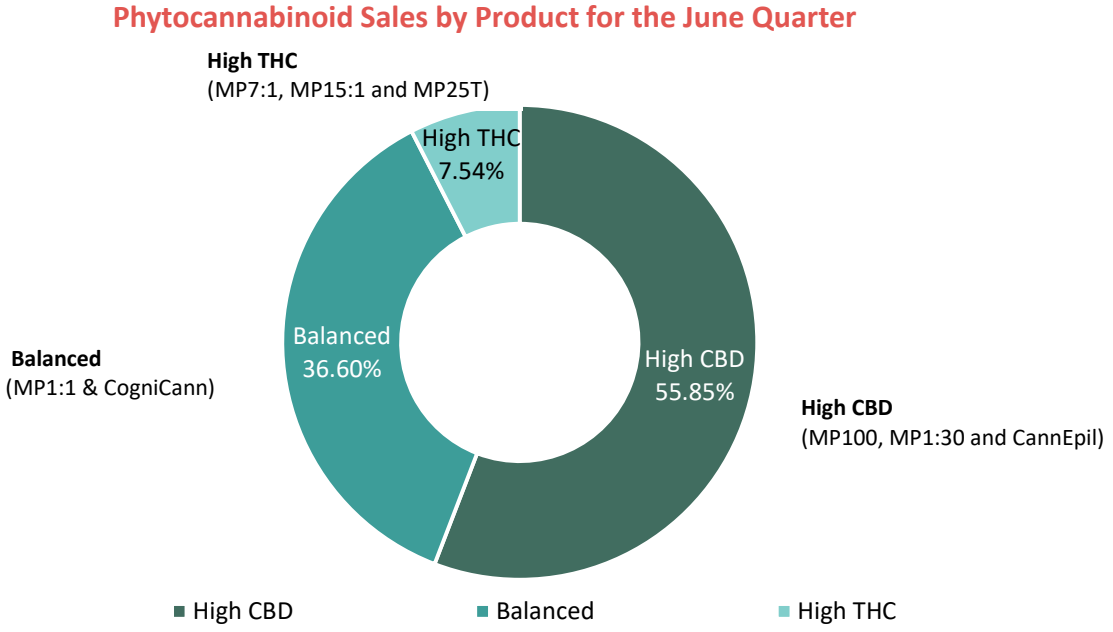
Dr Nadya Lisodover, CEO of MediCaNL Inc., has been working with MGC Pharma for over two years and will now work full time for MGC Pharma as its dedicated Chief Research Officer.

The acquisition of MediCaNL will enable MGC Pharma to streamline the process of bringing medicines and products to market by increasing its clinical trial capacity and making clinical trial performance and design an insourced activity. The acquisition will also deliver significant and ongoing cost savings to the Company, with MGC Pharma undertaking a number of Phase I, Phase II and Phase III clinical trials on a variety of its products over the remainder of the 2021 and future years.

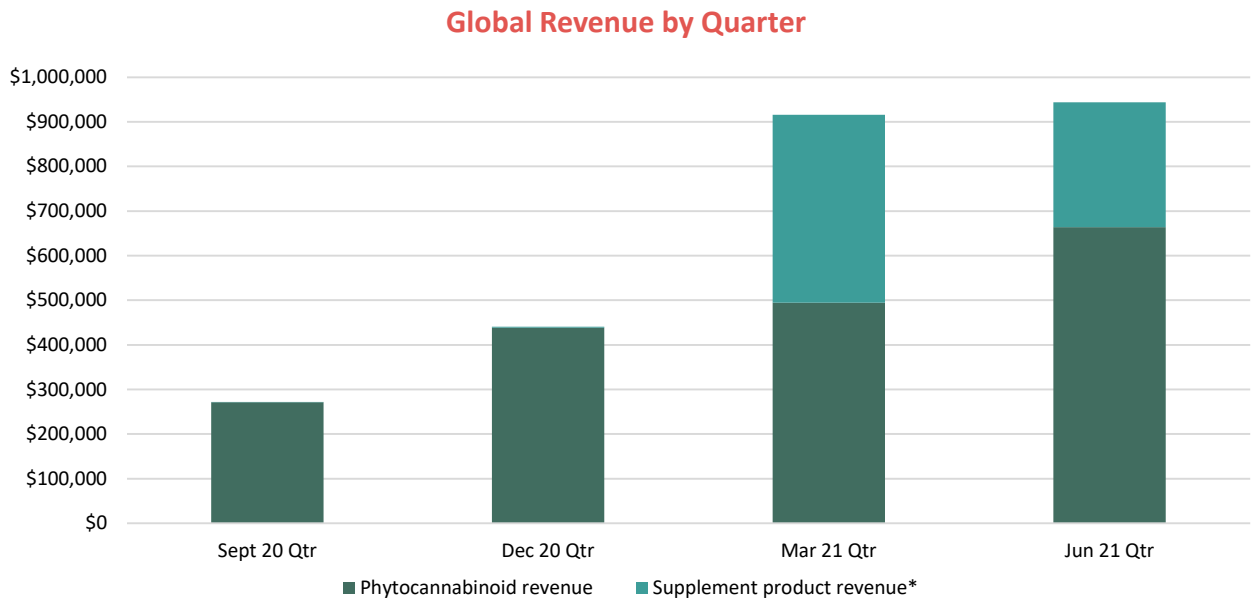
Operations and Sales

The June quarter delivered the strongest quarterly sales revenue for MGC Pharma to date. The graph below illustrates the strong growth throughout the financial year from the Company's pharmaceutical grade phytocannabinoid products (excludes non-phytocannabinoid products such as ArtemiC™), with Australia accounting for the majority sales.





Global Phytocannabinoid sales for the June Quarter totalled ~$665,000, a 34% increase on the March Quarter. In addition to the Phytocannabinoid sales noted, an additional ~$280,000 in sales revenue was recognised in the June quarter for ArtemiC™ Rescue. This related to the final batch delivery from the first $1M bulk order for ArtemiC™ Rescue received from Swiss PharmaCan AG announced the March quarter.



* Includes ArtemiC™ range of products

During early July, MGC Pharma implemented a couple of new strategic commercial initiatives which are aimed at enhancing sales growth in the Company's key Australian market.

The first of these, saw MGC Pharma enter into a Contract Sales Team Agreement (**CSTA**) with A. Menarini Australia Pty Ltd. (**Menarini**), the Australian arm of global pharmaceutical company, Menarini Group. Under the CSTA, Menarini will supply eight additional sales personnel to the Australian sales team. This team is supported by the Company's newly appointed Key Account Manager.

MGC Pharma has also recently launched globally, as part of its medical cannabis product portfolio, a new form factor, MGC THC 20 whole flower. The whole flower form factor is better suited to acute/breakthrough symptoms as compared to oral and sub mucosal spray form factors.

MGC Pharma expects to see strong revenue growth of its phytocannabinoid products in the coming months on the back of these commercial changes, particularly within the Australian market.

CannEpil® added to Primary Care Reimbursement Service in Ireland

During the June quarter MGC Pharma's proprietary cannabis derived epilepsy Investigational Medicinal Product (**IMP**) **CannEpil®** was added to the Republic of Ireland's Health Service Executive (**HSE**) following the incorporation of the Medical Cannabis Access Programme (**MCAP**) into the HSE's Service Plan.

CannEpil® is a phytocannabinoid derived IMP, approved for medical use and designed to treat Drug Resistant Epilepsy with a high CBD, low THC formulation, will be available free of charge to patients under the Long-Term Illness Scheme, GMS (Medical Card) Scheme, and the Drugs Payment Scheme on a named patient basis.

Wholesale order of ArtemiC™ from Swiss PharmaCan

MGC Pharma received a second large wholesale order for its anti-inflammatory supplement, **ArtemiC™** range of products, from Swiss PharmaCan AG (**SPC**) equating to approximately $1,000,000 in sales revenue during the quarter. This is the second wholesale purchase order received by the Company under its Master Supply and Distribution Agreement (**Master Agreement**) with SPC, with the initial order under the agreement, for ~A$425,000, received in February 2021.

ArtemiC™ Rescue are food grade supplements (nutraceutical, dietary supplement, natural health product) containing four natural based ingredients consisting of Artemisinin, Curcumin, Boswellia serrata, and Vitamin C, which is designed to target viral infections with inflammatory complications and was successfully evaluated on COVID-19 infected patients in a double-blind, placebo controlled, Phase II Clinical Trial in late 2020. This trial, on 50 COVID-19 infected patients, across 3 independent hospital sites in Israel and India (which included 33 patients in the treatment group and 17 in the placebo group) demonstrated that ArtemiC™ improved the health status of patients infected with COVID-19, with none of the patients in the treatment group requiring additional oxygen, mechanical ventilation or admission to intensive care, whereas 23.4% of placebo group required further assistance. (*refer to MGC's ASX Announcement dated 15 December 2020 for further details*)

Under the terms of the three-year Master Agreement, SPC is required to order a minimum of 40,000 wholesale units of **ArtemiC™** per quarter, which has been fulfilled for the June quarter.

The Company completed the delivery of the initial circa $425,000 (~ €275,000) order of **ArtemiC™** to SPC in June 2021, and anticipates delivering the balance of the second~$1,000,000 bulk order during the September 2021 quarter.

ArtemiC™ was submitted to Health Canada's Natural and Non-prescription Health Products Directorate (**NNHPD**) on March 11, 2021. The application, which is currently under review by Health Canada, included **ArtemiC™** supporting COVID-19 Phase II clinical trial results. Under Canadian regulations, all Non-prescription Health Products (**NHP**) must obtain premarket approval from Health Canada to assure they are safe, effective and of high quality before being allowed to be sold in Canada. Once Health Canada makes this assessment, the NHP is licensed and issued a National Product Number.

Construction of production and manufacturing plant in Malta

Construction of MGC Pharma's state-of-the-art production and manufacturing facility in Malta is now significantly advanced and is on track for completion in October of 2021. The foundations, walls, cleanroom, HVAC and mezzanine level have all been successfully installed.

Work now to be completed on the facility prior to its commissioning includes installation of electrical systems and generator, connection to municipality electrical and water infrastructure, validation of facility infrastructure and HVAC, and delivery and installation of machinery and equipment. With the relevant health, safety and regulatory approvals expected to be granted soon afterwards.

Research and Development

CimetrA™ - Phase III controlled clinical study

MGC Pharma's Phase III Clinical Trial to evaluate the efficacy and safety of **CimetrA™** as a treatment for hospitalised patients diagnosed with moderate forms of COVID-19 received approval from the Israeli Ministry of Health during the quarter and will shortly commence at Rambam Health Care Campus and Nazareth Hospital EMMS.

The trial will enrol a total of 252 patients and will be conducted over a 28-day period. The process to enrol patients into the trial commenced in late June 2021, with the first patient enrolled in early July.

The Company intends to expand the **CimetrA™** Phase III trial to other strategic global jurisdictions, and as such has applied for eight additional clinical sites in Brazil.

During the June quarter MGC Pharma released further results from its Phase II clinical and preclinical studies on **ArtemiC™** which support **ArtemiC™** being effective for addressing cytokine over production in all tested COVID patients.

The Preclinical Trial "Evaluation the Efficacy of **Artemic™** Treatment in ARDS Model in Mice" was performed in the SIA preclinical Lab (GLP certified) in Israel.

The ARDC model is the recommended preclinical animal model for cytokine storm, for the prediction of the human model of COVID-19 patients. The level of the pro-inflammatory markers was measured in blood and BALF (bronchoalveolar lavage fluid) of the mice going through the cytokine storm. The results demonstrated decreased blood and BALF cytokine levels in the study arm treated by **Artemic™** (*Refer to the Company's ASX Announcement dated 7 May 2021 "Further findings on ArtemiC™ Rescue as anti-inflammatory agent for COVID-19 and post COVID-19 syndrome*").

These findings support the understanding of the mechanism of action of **ArtemiC™** and additional potential application of the Study Product.

CannEpil® – Phase IIb randomised, double blind, placebo controlled clinical study

On May 26 2021, MGC Pharma announced the receipt of Ethics Committee approval for its Phase IIB Clinical Trial for **CannEpil®**. **CannEpil®** is a phytocannabinoid derived IMP, designed to treat Drug Resistant Epilepsy with a high CBD, low THC formula. The Phase IIb clinical trial for **CannEpil®** will take place at the Schneider Children's Medical Hospital in Israel and will focus on the safety and efficacy of CannEpil® as an add-on treatment for children and adolescents with treatment resistant epilepsy, also known as refractory epilepsy. The Phase IIb trial is targeting the recruitment of more than 100 patients.

The Study Drug import process has commenced following Israeli Ministry of Health approval. The Clinical Trial will be initiated in July and the first patient is expected to be enrolled in Q3 of this year.

MGC has already initiated a Driving Safety study of **CannEpil®** in Australia following the reopening of universities after the COVID-19 lockdowns. This trial involves healthy volunteers and aims to demonstrate the safety of **CannEpil®** in order to provide supportive data to the regulatory authorities.

CogniCann® – Phase II clinical trial

CogniCann® is a formulation of phytocannabinoids that has been developed with the specific aim of treating the symptoms of both of these diseases. **CogniCann®** is currently undergoing a Phase II clinical trial at the University of Notre Dame in Perth, Western Australia which has 21 patients currently enrolled and is designed to evaluate the potential behavioural benefits of **CogniCann®** on patients with dementia and Alzheimer's disease. The randomised double blind, crossover, placebo-controlled Clinical Trial will enrol 50 patients over its duration and is expected to last until Q4 2021.

CannEpil® – Driving performance study in Australia suspended due to ongoing COVID lockdowns

Recently MGC Pharma was advised by the Swinburne University of Technology in Melbourne that a collaborative study being undertaken with the MGC, to assess the effect of **CannEpil®** on driving performance, had been paused due to restrictions put in place by the Victorian State Government to deal with a further recent outbreak of COVID-19. The Company has been advised that the study will recommence once the easing of restrictions allows for it.

Financial and Corporate

CimetrA™ Patent Application submitted

Durin the quarter the Company submitted a Patent Application for **CimetrA™** with the Slovenian Intellectual Property Office (**SIPO**).

The Patent Application was accepted by SIPO on 30 June 2021 (file number: P-202100096) which is the priority date for the Patent, giving the Company priority to file subsequent patent applications for **CimetrA™** in other jurisdictions and to other IP Agencies, as such, MGC Pharma anticipates the Patent being granted within the next 12 months.

Research and Development Grant

MGC Pharma successfully applied for a research and development grant from the Australian Taxation Office in relation to Australian research and development activities undertaken during the 2020 financial year. During the quarter, MGC Pharma successfully received a cash grant of $507,252 in relation to those activities.

Conversion of Options

During the quarter, the Company received $117,498 in relation to the exercise of unlisted and listed options at various prices.

Appointment of Company Secretary

Mr David Lim CPA AGIA was appointed as joint Company Secretary of the Company. Mr Lim is a finance and corporate governance professional with over 15 years of experience working for ASX Listed companies. He has previously performed the role of Group CFO and Company Secretary at a number of ASX listed businesses.

Appendix 4C

The Company had ~$5.5m cash at bank at the end of the June 2021 quarter, with access to an additional $9.25m undrawn from its $15m financing facility with Mercer Street Opportunity Fund LLC (**Mercer Facility**). The Company has no plans to draw down on the Mercer Facility following its successful LSE listing and capital raising in February 2021. The Company also received $117k during the quarter via the conversion of options, and $541k in government grants.

In accordance with Section 6 of the attached Appendix 4C, the Company confirms that during the quarter payments to related parties totalling $380k relates to Executive Director fees and payments, Non-Executive Director fees and corporate costs. As detailed in the accompanying Appendix 4C, expenditure for the Quarter includes $1.3m for research and development, $1.7m for manufacturing and operating costs (including inventory), $215k for advertising and marketing, $653k staffing costs and $1.3m for administration and corporate costs (including Director fees).

--Ends--

Authorised for release by the Board, for further information please contact:

MGC Pharmaceuticals Ltd
Roby Zomer
CEO & Managing Director
+61 8 6382 3390
info@mgcpharma.com.au

MGC Pharmaceuticals Ltd
David Lim
Company Secretary
+61 8 6382 3390
info@mgcpharma.com.au

UK Broker – Turner Pope
Andy Thacker
+44 203 657 0050
info@turnerpope.com

UK PR Advisors – Tavistock
Tim Pearson
+44 207 920 3150
Tim.Pearson@tavistock.co.uk

About MGC Pharma

MGC Pharmaceuticals Ltd (LSE: MXC, ASX: MXC) is a European based bio-pharma company developing and supplying affordable standardised phytocannabinoid derived medicines to patients globally. The Company's founders were key figures in the global medical cannabis industry and the core business strategy is to develop and supply high quality phytocannabinoid derived medicines for the growing demand in the medical markets in Europe, North America and Australasia. MGC Pharma has a robust product offering targeting two widespread medical conditions – epilepsy and dementia – and has further products in the development pipeline.

Employing its 'Nature to Medicine' strategy, MGC Pharma has partnered with renowned institutions and academia to optimise cultivation and the development of targeted phytocannabinoid derived medicines products prior to production in the Company's EU-GMP Certified manufacturing facility.

MGC Pharma has a number of research collaborations with world renowned academic institutions, and including recent research highlighting the positive impact of using specific phytocannabinoid formulations developed by MGC Pharma in the treatment of glioblastoma, the most aggressive and so far therapeutically resistant primary brain tumour.

MGC Pharma has a growing patient base in Australia, the UK, Brazil and Ireland and has a global distribution footprint via an extensive network of commercial partners meaning that it is poised to supply the global market.

Follow us through our social media channels

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

MGC PHARMACEUTICALS LTD

ABN	Quarter ended ("current quarter")
30 116 800 269	30 JUNE 2021

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	1,303	2,672
1.2	Payments for		
	(a) research and development	(1,322)	(5,158)
	(b) product manufacturing and operating costs	(973)	(2,690)
	i) cost of sales / inventory	(742)	(1,852)
	ii) operating costs		
	(c) advertising and marketing	(215)	(537)
	(d) leased assets	-	-
	(e) staff costs	(653)	(2,036)
	(f) administration and corporate costs	(1,273)	(3,615)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	6	10
1.5	Interest and other costs of finance paid	(1)	(5)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	541	3,239
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(3,329)**	**(9,972)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	(400)
	(c) property, plant and equipment	(1,282)	(3,302)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
	(d) investments	-	(10)
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	312
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (cash acquired through assets acquisition)	83	83
2.6	**Net cash from / (used in) investing activities**	**(1,199)**	**(3,317)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	11,723
3.2	Proceeds from issue of convertible debt securities	-	5,750
3.3	Proceeds from exercise of options	117	1,037
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(333)	(1,185)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (loan to third party)	(331)	(369)
3.10	**Net cash from / (used in) financing activities**	**(547)**	**16,956**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	10,474	1,887
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,329)	(9,972)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,199)	(3,317)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(547)	16,956
4.5	Effect of movement in exchange rates on cash held	113	(42)
4.6	**Cash and cash equivalents at end of quarter**	**5,512**	**5,512**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	5,457	10,419
5.2	Call deposits	55	55
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**5,512**	**10,474**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	380
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
	Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.	

7.	Financing facilities available *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	15,000	-
7.4	**Total financing facilities**	**15,000**	**-**
7.5	**Unused financing facilities available at quarter end**		9,250
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
$15M Convertible note facility with Mercer Street Opportunity Fund LLC. Refer to ASX announcement on 10 September 2020 for further information.			

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(3,329)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	5,512
8.3	Unused finance facilities available at quarter end (Item 7.5)	9,250
8.4	Total available funding (Item 8.2 + Item 8.3)	14,762
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	**4.43**
	Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.	
8.6	If Item 8.5 is less than 2 quarters, please provide answers to the following questions:	
	1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
	2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
	3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

26 July 2021

Date: .....

[lodge electronically without signature]

Authorised by: .....

Roby Zomer – Managing Director

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.