25 July 2022

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ASX RELEASE

June Quarter Activity Report and Cash Flow Statement

Key Highlights:

- Strong progress across MGC Pharma's clinical pipeline with multiple completed trials results indicating efficacy across our product range, including important positive trial results for leading products **CogniCann®** and **CimetrA™**.
- Strong quarterly sales continue, with A$1.55m in cash receipts during the quarter, and A$6.1m for FY22 (YTD up 134% on FY21).
- Cost reduction strategy implemented in June quarter including reduction in material R&D costs, with future non-core trials also deferred.
- Strategic partnerships advanced to further progress MGC Pharma's clinical pipeline across key global jurisdictions.
- Appointment of new London based Chief Financial Officer and Group Financial Controller.

MGC Pharmaceuticals Ltd ('**MGC Pharma'** or '**the Company**') a European based bio-pharma company specialising in the production and development of phytomedicines, is pleased to provide its Quarterly Activities Report for the three months ending 30th June 2022.

Roby Zomer, co-founder and Managing Director of MGC Pharmaceuticals, commented: *"MGC Pharma remains resolutely focused on advancing its innovative products through the clinical pipeline of product development and continues to progress a number of products towards regulatory approval. This has been supported by strong clinical trial results and partnerships with companies such as Sciensus Rare and AMC Holdings that will help us achieve our goals.*

Getting pharmaceutical products through the regulatory approval process takes time, particularly when the products are phytocannabinoids. I am, however, confident in the team and the strategy that has been developed to help ensure and that MGC Pharma's products will be able to make a difference to patients suffering with debilitating conditions."

Company Activities during the June Quarter

Clinical Trial Progress – CimetrA™, CogniCann® and Glioblastoma Results

During the June Quarter, MGC Pharma announced a series of positive Clinical Trial results, with the findings indicating strong efficacy across a range of MGC Pharma's products.

Preclinical In-vitro study results announced in June indicate that **CimetrA™**, MGC Pharma's proprietary Investigation Medicinal Product (**IMP**), has a wide-ranging application as an anti-inflammatory treatment through the modulation of the production of pro-inflammatory cytokines.

Previous studies have indicated that **CimetrA™** is effective in treating the symptoms of COVID-19. However, this is the first time that **CimetrA™**'s mechanism of action has shown that it could also be effective in treating other conditions with the effective blocking of the mRNA expression of IL-32, the pro-inflammatory cytokine related to Rheumatoid Arthritis, Inflammatory bowel disease, Asthma, Psoriasis and Chronic obstructive pulmonary disease.

The Company also completed a Phase II Clinical Trial for its proprietary dementia treatment, **CogniCann®**, which has demonstrated its full safety and preliminary efficacy profile. The trial, which was undertaken by the University of Notre Dame in Western Australia, demonstrated that the tetrahydrocannabinol (THC) and cannabidiol (CBD) based product can inhibit the deterioration in the behaviour of patients with dementia. The behaviours were assessed against a Neuropsychiatric Inventory - Nursing homes (NPI-NH) Questionnaire which was developed to help characterise the

neuropsychiatric symptoms and psychopathology of patients with Alzheimer's disease and other dementia patients.

Results of the study showed that after 44 days, patients in the Placebo group experienced a deterioration in their condition, based on their NPI-NH score, compared with the stable neuropsychiatric profile of those patients treated with **CogniCann®**, indicating that the early-stage use of **CogniCann®** may be beneficial in the treatment of dementia patients.

In collaboration with the National Institute of Biology in Slovenia, MGC Pharma also announced the completion of a successful In-vitro preclinical research study into the use of cannabinoids to treat Glioblastoma multiforme cells which is a fast-growing and aggressive form of brain cancer. The results suggest that MGC Pharma's cannabinoid treatment can potentially be used as a treatment in cancer patients without the inclusion of toxic agents. These findings will be the subject of further research studies to determine the efficacy of MGC Pharma's Glioblastoma treatment formulation in a clinical trial setting.

Additionally, during the Quarter the Slovenian Intellectual Property Office (**SIPO**) granted MGC Pharma a Patent which provides the Company commercial protection over the intellectual property associated with **CimetrA™**, its unique formation and manufacturing process for a period of 20 years.

During the quarter MGC Pharma also announced the grant of a second patent by SIPO, for its IMP **CannEpil®** the Company's proprietary treatment for Refractory Epilepsy. The grant of the **CannEpil®** Patent provides MGC Pharma commercial protection over the intellectual property associated with CannEpil®-IL, its unique formulation and manufacturing process for 20 years.

International Distribution Partnerships

MGC Pharma have signed a number of key product distribution agreements in the EU/UK and USA to advance their clinical pipeline across the globe, expand clinical trials and seek access to key pharmaceutical markets.

During the June Quarter MGC Pharma signed an agreement with Sciensus Rare, an international pharmaceutical company, who specialise in the provision of rare disease medicines through a network of decentralised clinical trials, early access programs and licensed distribution programs.

As part of this agreement Sciensus Rare was appointed the exclusive distributor of **CannEpil®** and **CogniCann®** for an initial four-year term in Denmark, France, Italy, Spain, Luxembourg, and the United Kingdom.

In August 2021, MGC Pharma signed a three-year US$24 million Supply and Distribution agreement with AMC Holdings, with minimum orders on a range of MGC Pharma products including **CimetrA™** and **ArtemiC™**. In the June Quarter MGC Pharma and AMC Holdings met with the University of South Florida department heads of medicine to plan the commencement of a US Clinical Trial for **CimetrA™**, scheduled to commence Q3 2022. The Company's US partners are also well advanced regarding regulatory approvals for the use of **CogniCann®** and **CannEpil®** in the USA under existing early patient access schemes, together with **ArtemiC™** to commence the sales pipeline into the US healthcare market.

Corporate News

The Company appointed Ms. Angela-Marie Graham as its new London based Chief Financial Officer, as part of its growth plans to move key corporate roles to Europe and the UK. Ms Graham has over 25 years of accountancy experience, specialising in growth businesses in emerging industries, including those within the biopharmaceutical sector. This was combined with the appointment of an experienced Financial Controller and the recently appointed Chief Commercial Officer Robert Clements, both UK based, as the Company establishes its corporate operations in London from Q3 2022.

MGC Pharmaceuticals has continued to make good progress with its Malta production facility to commence commercial production in late 2022, applying for GMP and MIA (manufacturing import authorisation) during the quarter, which is expected to be verified later this year.

June Quarter Sales Update

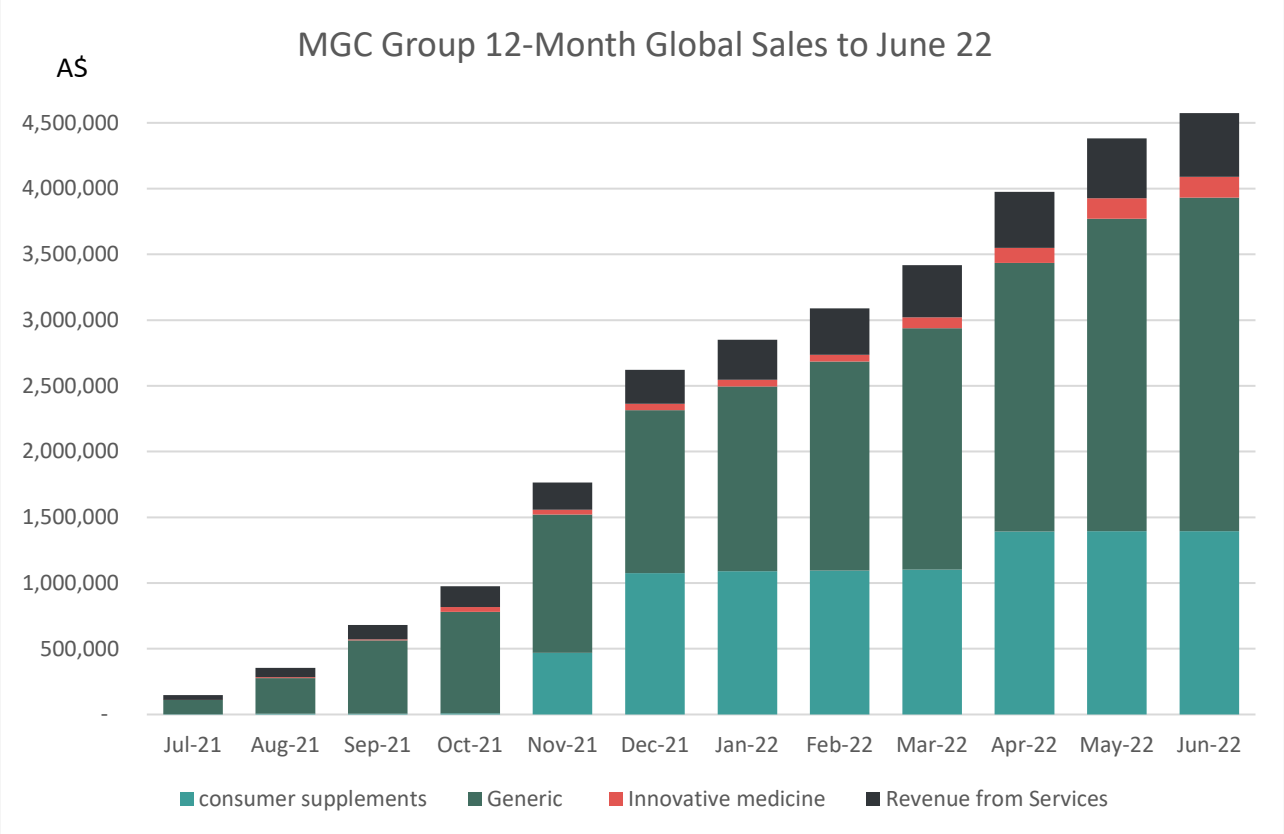
MGC Pharma has continued its strong revenue growth over the prior quarter in all product and service categories. IMP Cannabinoid medicine sales grew by 118% against sales from the March quarter, largely attributed to a substantial increase in sales from MGC Pharma's proprietary medicine for epilepsy, **CannEpil®**. **CannEpil®** is the only CBD rich medicine both listed and reimbursed in Ireland for a broad range of conditions including treatment resistant epilepsy, chemotherapy induced nausea and vomiting and multiple sclerosis.

MGC Pharma expects **CannEpil®** to be a continued leading revenue driver for the remainder of 2022 and into 2023, with the onboarding of new pharmaceutical distributor Sciensus Rare, who are now driving market access and registration submissions for both **CannEpil®** and **CogniCann®** in several key EU countries including Denmark, France, Italy, Spain, Luxembourg, and the United Kingdom.

The Company also had a strong contribution to the Group revenue for the quarter from its services division, where its wholly owned clinical research company MediCaNL generated over A$84,000 in sales revenue and A$86,000 in cash receipts and is delivering as a key standalone business unit for the Company, whilst providing the inhouse CRO expertise to minimise the Company's clinical trial costs. MediCaNL has generated approximately A$500,000 in revenue for FY22.

A breakdown of the Company's group sales revenue for the June quarter of A$1,155k is set out below:

Category	A$
Consumer Supplements	$293,000
Generic	$702,000
Innovative medicine	$75,000
Total Product Sales	**$1,070,000**
Total Services Revenue (incl. clinical services)	**$84,000**
Total Sales Revenue	**$1,155,000**



In accordance with Section 6 of the accompanying Appendix 4C, the Company advises that during the June 2022 Quarter, payments to related parties totalling A$262k, relate to the payment of both Executive and Non-Executive Director fees and corporate costs. As detailed in the accompanying Appendix 4C, expenditure for the Quarter includes A$521k on research and development, A$1.43m on manufacturing and operating costs, A$1.27m staffing costs (including director fees) and A$0.83m on administration and corporate costs.

--Ends--

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

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About MGC Pharma

MGC Pharmaceuticals Ltd (LSE: MXC, ASX: MXC) is a European based bio-pharma company developing and supplying affordable standardised phytomedicines 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.

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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 2022

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	1,678	6,531
1.2	Payments for		
	(a) research and development	(521)	(3,098)
	(b) product manufacturing and operating costs		
	i) cost of sales / inventory	(1,535)	(5,606)
	ii) operating costs		
	(c) advertising and marketing	(186)	(629)
	(d) leased assets	-	-
	(e) staff costs	(1,265)	(4,107)
	(f) administration and corporate costs (including product registrations)	(870)	(5,168)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	1
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	921	1,580
1.8	Other (maturity of deposit)	-	366
1.9	**Net cash from / (used in) operating activities**	**(1,778)**	**(10,130)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	148
	(b) businesses	-	-
	(c) property, plant and equipment	(317)	(2,898)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
	(d) investments	-	-
	(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	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	(119)	(119)
2.4	Dividends received (see note 3)	-	-
2.5	Other (cash acquired through assets acquisition)	-	-
2.6	**Net cash from / (used in) investing activities**	**(436)**	**(2,869)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	10,194
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	508
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(913)
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 entity which where control was gained after quarter-end)	-	(318)
3.10	**Net cash from / (used in) financing activities**	**-**	**9,471**

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,004	5,433
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,778)	(10,130)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(436)	(2,869)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	9,471
4.5	Effect of movement in exchange rates on cash held	3	(112)
4.6	**Cash and cash equivalents at end of quarter**	**1,793**	**1,793**

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	1,737	3,948
5.2	Call deposits	56	56
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)**	**1,793**	**4,004**

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	262
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.	

The payments in 6.1 are payments to directors of the company for their service during the quarter.

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	5,750
7.4	**Total financing facilities**	**15,000**	**5,750**
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)	(1,778)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	1,793
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)	11,043
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	**6.21**

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.

24 July 2022

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.