

26 September 2023

ASX Code: MXC

LSE Code: MXC

Letter From the Managing Director

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Dear Shareholders,

I would like to provide you with an update on the Company's status and progress on all fronts.

While this past year has presented major challenges in the equity capital markets, the Company has successfully achieved significant progress on clinical and commercial milestones.

The Company has made great strides in transitioning into a pure pharmaceutical entity, divesting non-pharmaceutical activities, and refocusing our efforts on our leading medicines, CannEpil® (targeting Refractory Epilepsy) and Cimetra® (Immunomodulation treatment for COVID-19, anti-inflammatory & Lupus). We also have an expanding future pipeline, led by CogniCann® (Dementia and Alzheimer's), positioning us as a relevant player in the pharmaceutical industry, with products accessible through early and specialised access programmes.

Pleasingly, CannEpil® is now fully covered by the National Health Insurance in Ireland, and it is available in the UK under the oversight of the General Medical Council. The first UK patient received CannEpil® through the 'I AM Billy Foundation', which supports the Refractory Epilepsy Specialist Clinical Advisory Service (RESCAS) study (RESCAS being part of the UK National Health Service).

Additionally, Cimetra® has gained access to the US market as an over-the-counter (OTC) unlicensed drug, sold under the name ArtemiC™, with a promising commercial outlook having received multiple purchase orders totalling over US\$1 million in sales and more than 50,000 units dispatched to the US market.

In addition to our clinical and research progress, the Company has made operational advancements on the ground, including the commissioning of a fully automated Class C – EU-GMP facility in Malta, which is supported by the Maltese government and Malta Enterprise. Furthermore, we received permission from the Slovenian Ministry of Health to undergo scientific research development on the psychedelic compound Psilocybin. The permission granted covers the development of analytical methods, research of physical-chemical properties of Psilocybin and development of pharmaceutical forms that would be suitable for administration.

Over the past 12 months, we have endeavoured to leverage this progress to secure the necessary funding required to lead us to a pivotal milestone for our company: the submission of our IND's for CannEpil® and Cimetra®.

However, despite our material operational achievements, the Company currently finds itself at a critical financial juncture. The Company's share price has failed to appreciate and underwhelming fundraising efforts during the year have not provided the Company with the medium to long term financial stability required.

Regrettably, due to market conditions, we have faced extreme difficulties in raising funds in the UK primarily, and in Australia, despite our continued progress on the research front and our proximity to our IND submissions.

In response, the Board and management have been forced to take decisive action and design a restructuring plan to secure long-term financing that will provide the Company with the necessary runway required to achieve key inflection milestones to help restore value in MGC Pharma. This plan will reduce our reliance on constant capital raising and allow us to complete an 18-month work plan.

This financial and capital restructuring will bring greater stability and re-position the Company to be more attractive for institutional support, while enabling our management team to focus on delivering our key milestones such as submitting our first IND to the FDA, increasing our sales figures, and completing our clinical programmes.

We understand this restructure will be difficult for many shareholders. However, in light of dire alternatives, the Board and Management believe this is a necessary action to help to sustain the Company's future and financial security beyond the short to immediate term.

On behalf of the Board, we hope to have your continued support as we invite you to be part of our necessary restructuring to continue on the path to provide innovative medicines globally to meet unmet medical needs.

Yours faithfully,

Roby Zomer

—Ends—

Authorised for release by the board of directors, for further information please contact:

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About MGC Pharma

MGC Pharmaceuticals Ltd (LSE: MXC, ASX: MXC) is a European based pharmaceutical company, focused on developing and supplying accessible and ethically produced plant derived medicines, combining in-house research with innovative technologies, with the goal of finding or producing treatments to for unmet medical conditions.

The Company's founders and executives are key figures in the global pharmaceuticals industry and the core business strategy is to develop and supply high quality plant derived medicines for the growing demand in the medical markets in Europe, North America and Australasia.

MGC Pharma has a robust development pipeline targeting two widespread medical conditions and has further products under development.

MGC Pharma has partnered with renowned institutions and academia to optimise the development of targeted plant derived medicines, to be produced in the Company's EU-GMP Certified manufacturing facilities.

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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