

30 October 2023

ASX Code: MXC

LSE Code: MXC

September 2023 Quarter Activity Report and Cash Flow Statement

Key Highlights:

- MGC received an order for US\$1m from AMC Pharma ("AMC") to produce ArtemiC™ (the Over the Counter ("OTC") version of CimetrA®). This order comes alongside AMC's new supply agreement to distribute to over 100 Holistic and Wellness Chiropractic offices in California, and Florida
- Positive results from Pre-clinical Chronic Toxicology Evaluation of 14 days oral dose of CimetrA®
- New regulation in Australia was passed making it the first country to allow psychiatrists to prescribe psilocybin psychedelics to treat depression or post-traumatic stress disorder (PTSD)
- MGC was granted its first permit to import 200g of Psilocybin Raw Mushroom material to its Slovenian research facility
- The Company conditionally raised A\$1.24 million by way of a placing and subscription
- MGC successfully completed a Share Purchaser Plan raising A\$834,000

MGC Pharmaceuticals Ltd (**MGC Pharma, MGC** or the **Company**) a European based pharmaceutical company specialising in the production and development of plant derived medicines, is pleased to provide its Quarterly Activity Report for the three months ending 30th September 2023.

Roby Zomer, Managing Director and CEO of MGC Pharma, commented: "We are pleased to report on a productive September quarter for the business. MGC has received an order for US\$1m from AMC Pharma to produce ArtemiC™. This order comes alongside AMC's new supply agreement to distribute to over 100 Holistic and Wellness Chiropractic offices in California, and Florida. The Company has also been granted its first import permit to its Slovenian research facility."

Key Company Activities

US\$1M Order of ArtemiC™ Placed by AMC

MGC received an order for US\$1m from AMC Pharma to produce ArtemiC™ (the Over the Counter ("OTC") version of CimetrA®). This order came alongside AMC's own separate supply agreement to distribute to over 100 Holistic and Wellness Chiropractic offices in California, and Florida. This represents the start of a substantial ramp up of sales for ArtemiC™ with increasing distribution across the US. To date, the Company has received total orders of over 100,000 units of ArtemiC™ By AMC.

Positive Pre-clinical Trial Results for CimetrA®

On 14 August 2023 MGC announced positive pre-clinical trial results from the completed Pre-clinical Chronic Toxicology Evaluation of 14 days oral dose of CimetrA®.

The recently completed study was undertaken on 32 domestic swine, that received a study treatment (three dosages groups of CimetrA® and Placebo) for 14 days. During this period, the clinical parameters were recorded, blood (hematology, coagulation and chemistry) and urine tests were collected and sent to the histopathological evaluation.

The study demonstrated that following the full chronic safety and toxicology analysis of Cimetra® in large animals - the drug was found to be safe. The histopathological analysis of the full organs spectrum demonstrated all tissues of all animals were normal and unaffected. It was concluded that the test article at the dosage administered did not induce toxicological changes. No changes in the blood and urine samples were reported.

The study was performed under animal EC approval in the GLP certified Lab Science in Action, Ness Ziona, Israel, and is an important step in the Investigational New Drug ("IND") submission preparation for the US Food and Drug Administration ("FDA"). The study was designed and managed according to industry guidelines and the IND submission is planned for Q1 2024.

MGC Welcomes Australia's Reclassification of Psychedelic Compounds

During the quarter, MGC welcomed new regulation in Australia to prescribe psychedelics to patients with depression or post-traumatic stress disorder (PTSD). Effective from 1st July 2023, MDMA and Psilocybin were reclassified as medicines for some complex mental health conditions. Authorities in Australia placed the two drugs on the list of approved medicines by the Therapeutic Goods Administration, allowing patients suffering from depression and PTSD to access them under the care of authorised Australian physicians.

Following the latest regulatory advancements, MGC is able to position itself as a key player in pioneering psychedelic research and development and as a result, the Company can now offer accurate, pharmaceutical-grade products. MGC will look to expand sales in Australia through the Company's existing channels to provide Psilocybin to those in need of treatment.

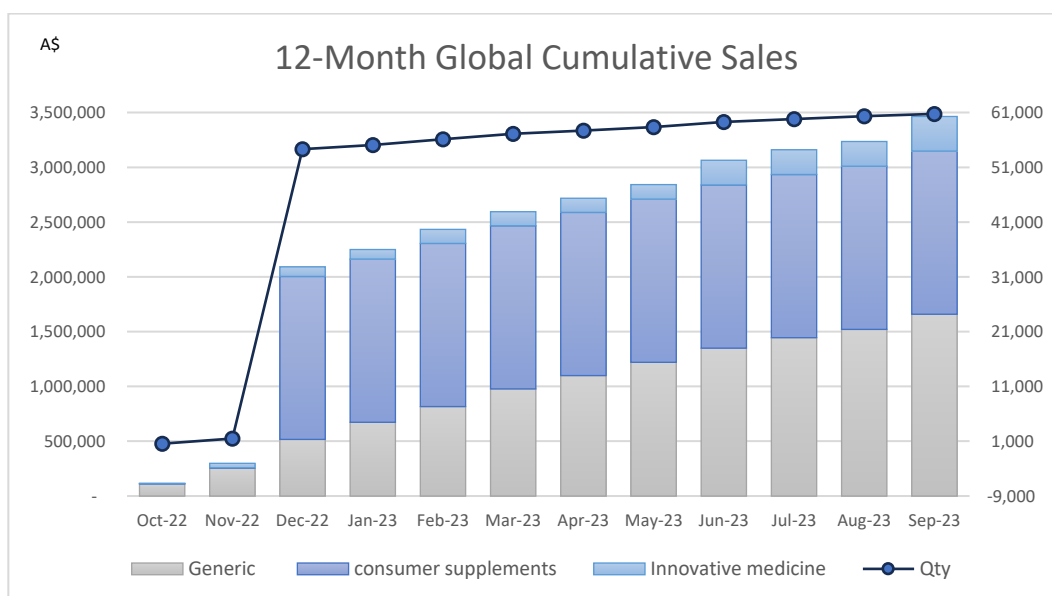
MGC Pharma Received Permission to Import Psilocybin

On 31 July 2023 MGC announced they had been granted its first import permit of Psilocybin Raw Mushroom material to its Slovenian research facility from Psyence Group Inc's (**Psyence**) Southern Africa production site as part of the raw material transfer agreement (**transfer agreement**) signed between the two companies.

Under the transfer agreement, MGC Pharma will perform an analysis on the materials with a view to assist Psyence in the development of new psilocybin products to take to market, through its GMP-certified research facility in Slovenia that was recently approved for psilocybin compounding.

September Quarter Sales Update

September Quarter Sales Update MGC Pharma revenue in the June quarter were in line with the quarterly average sales.



Activities Post Quarter End

The Company held a general meeting on 25 October 2023. The subsequent approval of all resolutions has allowed MGC to conduct a consolidation of the Company's capital on a 1,000:1 basis as well as provide approval for a capital raise to give the company sufficient funding for the following 12 months. Additionally, the Company will hold its annual general meeting on 30 November 2023.

Corporate and Commercial News

Funding and Cashflow Reporting

During the quarter, the Company conditionally raised £0.65 million (A\$1.24 million) (before expenses) by way of a placing and subscription of 541,666,667 new ordinary shares of no-par value (Ordinary Shares) in the capital of the Company (Fundraising Shares) at a price of 0.12 pence (0.23 cents) per Fundraising Share ("Issue Price"). The Company also agreed to issue one free attaching option exercisable at 0.12 pence (0.23 cents) with an expiry date of 14 July 2026 for every one Fundraising Share subscribed for under the Placement and Subscription.

Additionally, the Company launched a Share Purchase Plan to its Australian shareholders to raise up to \$2,685,728. The Company received applications from eligible shareholders totalling A\$834,000 to subscribe for 362,608,570 new fully paid ordinary shares in the capital of the Company at A\$0.0023 (0.23 cents) per Share, with A\$1,851,728 to be placed under a Shortfall Offer. Subject to shareholder approval to be sought at the Company's upcoming general meeting on 5 September 2023, applicants will receive one free attaching option exercisable at A\$0.003 (0.3 cents) each on or before 31 July 2026 (Options) for every two (2) Shares subscribed for under the SPP, being 181,304,269 Options.

At the end of the September, the Company has ~A\$417k of cash on hand.

Accompanying this Activity Report is a Cash Flow Report for the Quarter ending 30 September 2023.

In accordance with ASX Listing Rule 4.7C.3 the Company advises that during the September 2023 quarter, payments to related parties totalled A\$129k, which consisted of fees paid to executive and non-executive directors of the Company.

As detailed in the accompanying Appendix 4C (Quarterly Cashflow Report), cashflows during the quarter included A\$285k cash outflows associated with inventory production, A\$1.015 million for administration costs (including product registration costs), and cash inflows of A\$2.5m including funding received from the Placement conducted in July and the Share Purchase Plan in August.

Personnel Changes

On 28 July 2023 Mr Arron Canicais resigned as Joint Company Secretary, with Mr Rowan Harland remaining as the sole Company Secretary. The Company thanked Mr Canicais for his contributions to the Company and wished him the very best for the next stage of his career.

Change of Registry Address

In accordance with ASX Listing Rule 3.15.1 and effect from Monday, 18 September 2023, the Perth office of Computershare Investor Services Pty Limited moved to Level 17, 221 St Georges Terrace, Perth WA 6000.

Telephone numbers and postal address remained unchanged. Lodgement of documentation by member organisations, securityholders and other parties must be made at the new address.

-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 medicines, combining in-house research with innovative technologies, with the goal of finding or producing treatments 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 innovative medicines.

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 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.

Follow us through our social media channels:

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Twitter: @MGC_Pharma

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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

30 116 800 269

Quarter ended ("current quarter")

30 September 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	511	511
1.2	Payments for		
	(a) research and development	(97)	(97)
	(b) product manufacturing and operating costs		-
	i) cost of sales / inventory	(285)	(285)
	ii) operating costs	-	-
	(c) advertising and marketing	(118)	(118)
	(d) leased assets	-	-
	(e) staff costs	(1,375)	(1,375)
	(f) administration and corporate costs (including product registrations)	(1,015)	(1,015)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	2	2
1.8	Other (GST/VAT refund)	-	-
1.9	Net cash from / (used in) operating activities	(2,377)	(2,377)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:	-	-
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(14)	(14)
	(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	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (cash acquired through assets acquisition)	-	-
2.6	Net cash from / (used in) investing activities	(14)	(14)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,986	1,986
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(210)	(210)
3.5	Proceeds from borrowings	777	777
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)	-	-
3.10	Net cash from / (used in) financing activities	2,553	2,553

4.	Net increase / (decrease) in cash and cash equivalents for the period	Current quarter \$A'000	Year to date (3 months) \$A'000
4.1	Cash and cash equivalents at beginning of period	259	259
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,377)	(2,377)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(14)	(14)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,553	2,553
4.5	Effect of movement in exchange rates on cash held	(4)	(4)
4.6	Cash and cash equivalents at end of quarter	417	417

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	391	233
5.2	Call deposits	26	26
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)	417	259

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	129
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 and to related party Graft Polymer.

7.	Financing facilities available <i>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.</i>	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)	14,600	6,948
7.4	Total financing facilities	14,600	6,948
7.5	Unused financing facilities available at quarter end	-	7,652
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.		
\$14.6M Convertible note facility with Mercer Street Opportunity Fund LLC. Refer to ASX announcement on 29 July 2022 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)	(2,377)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	417
8.3	Unused finance facilities available at quarter end (Item 7.5)	7,652
8.4	Total available funding (Item 8.2 + Item 8.3)	8,069
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	3.4
<i>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.</i>		
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	
<i>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.</i>		

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.

30 October 2023

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.