

31 January 2024 ASX Code: MXC LSE Code: MXC

December 2023 Quarter Activity Report and Cash Flow Statement

Key Highlights:

- MGC completed a comprehensive corporate restructuring, completing a 1,000:1 consolidation and conditionally raising a total of US\$7.9 million and US\$0.5 million, totalling US\$8.4 million over the quarter
- MGC was granted FDA approval in Saudi Arabia for its proprietary product ArtemiC[™]
- CMC Markets UK PLC (**CMC**) were appointed as the Company's joint UK broker with immediate effect on 1 December 2023

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 31st December 2023.

Roby Zomer, Managing Director and CEO of MGC Pharma, commented: "We are delighted to share positive developments from the business during the December quarter. MGC successfully concluded a thorough corporate restructuring, which included a 1,000:1 consolidation. Additionally, the company conditionally raised a total of US\$7.9 million and US\$0.5 million, amounting to a total of US\$8.4 million for the quarter. Moreover, we are pleased to announce that the Company has obtained FDA approval in Saudi Arabia for its proprietary product, Artemic[™]."

Key Company Activities

ArtemiC[™] Receives FDA Approval in Saudi Arabia

On 19 December 2023 MGC announced it had been granted approval for its proprietary product ArtemiC[™] by the Food and Drug Authority in the Kingdom of Saudi Arabia (Saudi FDA).

Following the success of Phase II clinical trials¹ and European studies on its effectiveness in assisting with the recovery of patients from Covid and long-term Covid², ArtemiC[™] was approved by the Saudi FDA as an over-the-counter (OTC) dietary supplement. Capital Blossom, through its joint venture collaboration with its Saudi partner worked on obtaining the approval of the Saudi FDA for the Company. The Company is hopeful this will transition into commercial orders for MGC as we work closely with Capital Blossom Ltd who are specialists in this territory.

Capital Restructuring

During the quarter, the Company completed a comprehensive corporate restructuring. The restructuring involved a 1,000:1 capital consolidation and a US\$7.9 million fundraising, allowing the Company to proceed with the execution of its pharmaceutical workplan for 2024. The restructuring now positions the Company to expand its global footprint and unlock new avenues for future growth and collaboration.

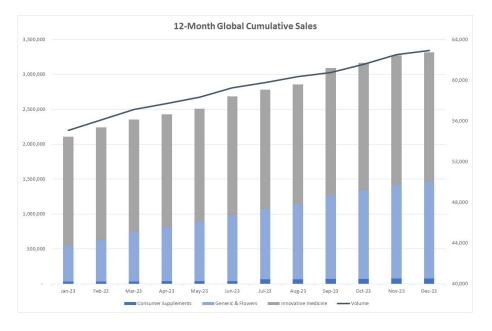
² Refer to ASX announcement dated 14 July 2022. info@mgcpharma.co.uk | mgcpharma.co.uk MGC Pharmaceuticals Ltd | Suite 1, 295 Rokeby Road, Subiaco WA 6008

¹ Refer to ASX announcement dated 15 December 2020.



December Quarter Sales Update

December Quarter Sales Update: MGC Pharma's revenues in the December quarter were in line with the quarterly average sales.



Corporate and Commercial News

Funding and Cashflow Reporting

During the quarter, the Company conditionally raised US\$7.9 million (~A\$12.4million) by way of a placing through the subscription of 31,000,000 new ordinary shares of no-par value (Ordinary Shares) in the capital of the Company at a price of US\$0.255 (~A\$0.40) per share. The Company also agreed to issue one free attaching option exercisable at US\$0.32 (~A\$0.50) with an expiry date of 14 July 2026 for every two shares subscribed for under the Placement.

Additionally, the Company conducted a second, strategic placement of \$US500,000. Under the Placement, the Company issued 1,480,000 fully paid ordinary shares (Shares) at an issue price of AU\$0.50 per Share, representing nil discount to the 21 December 2023 closing price and approximately 5.5% to the 5-day volume weighted average price (VWAP). The placement included one (1) attaching option for every two (2) Placement Shares issued. The options are exercisable at AU\$1.00 each, with an expiry of 10 January 2027. The funds were raised in order to support the Company's legal and marketing costs.

At the end of the December, the Company has ~A\$6.482 million of cash on hand.

Accompanying this Activity Report is a Cash Flow Report for the Quarter ending 31 December 2023.

In accordance with ASX Listing Rule 4.7C.3 the Company advises that during the December 2023 quarter, payments to related parties totalled A\$276k, 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\$238k cash outflows associated with inventory production, A\$733k for Research and development costs, ~A\$2.3 million for administration costs (including product registration costs), and cash inflows of ~A\$12.1 million.



Results of Annual General Meeting

On 30 November 2023 the Company announced the voting results from the Annual General Meeting of shareholders. The Company announced that all motions put to the meeting were voted by poll, with all resolutions carried. Details of the results can be found in the following URL:

https://www.investi.com.au/api/announcements/mxc/79f52b83-6ac.pdf

Personnel Changes

On 1 December 2023 Dr Stephen Parker and Dr Ross Walker resigned as Directors of the Company. Mr Daniel Robinson, with over 20 years' experience in a broad range of corporate roles across stockbroking, corporate advisory, investor relations and governance, was appointed in their place. The Company thanked Dr Parker and Dr Walker for all their contributions to the Company over their many years of service and wished them the very best for the next stage of their careers.

CMC Markets UK PLC (**CMC**) were appointed as the Company's joint UK broker with immediate effect on 1 December 2023. CMC is headquartered in London, with hubs in Sydney and Singapore.

-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 prominent European pharmaceutical company with a strong commitment to creating accessible and ethically produced cutting-edge medicines. Our approach combines inhouse research with innovative technologies, all aimed at discovering and producing treatments for currently unmet medical conditions.

The company's founders and executives are distinguished figures in the global pharmaceutical industry. Our central business strategy revolves around the development and supply of innovative medicines, responding to the increasing demand in the medical markets of Europe, North America, and Australasia.

MGC Pharma maintains a robust development pipeline that addresses two prevalent medical conditions, with additional products currently in the developmental stages. We've established strategic partnerships with



renowned institutions and academia, fostering the optimization of our medicines' development. These medicines are produced in our EU-GMP Certified manufacturing facilities, ensuring the highest quality standards.

With a growing patient base in key regions like the USA, UK, Australia, and Ireland, MGC Pharma has also built a global distribution network through a wide-reaching group of commercial partners. This extensive network places us in a prime position to supply the global market effectively.

Follow us through our social media channels:

LinkedIn: MGC Pharmaceuticals Ltd. Twitter: @MGC_Pharma Facebook: @mgcpharmaceuticals Instagram: @mgc_pharma

Forward Looking Statements

This announcement may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "anticipates", "targets", "aims", "continues", "expects", "intends", "hopes", "may, "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not facts. They include statements regarding the Directors' beliefs or current expectations. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Investors should not place undue reliance on forward-looking statements, which speak only as of the date of this announcement.



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Appendix 4C

Quarterly cash flow report for entities

subject to Listing Rule 4.7B

Name of entity

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MG	C PHARMACEUTICALS LTD		
ABN		Quarter ended ("current qu	arter")
30 1	16 800 269	31 December 2023	
Cons	solidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	392	904
1.2	Payments for		
	(a) research and development	(733)	(830)
	(b) product manufacturing and operating cost	s	-
	i) cost of sales / inventory	(238)	(523)
	ii) operating costs	(93)	(93)
	(c) advertising and marketing	(496)	(614)
	(d) leased assets	(75)	(75)
	(e) staff costs	(2,340)	(3,715)
	 (f) administration and corporate costs (including product registrations) 	(2,055)	(3,070)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(23)	(23)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	2	4
1.8	Other (GST/VAT refund)	-	-
1.9	Net cash from / (used in) operating activities	(5,658)	(8,036)





Cons	olidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:	-	-
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(3)	(17)
	(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	(3)	(17)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	12,112	14,875
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	(385)	(595)
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)	-	-
3.10	Net cash from / (used in) financing activities	11,728	14,280



4.	Net increase / (decrease) in cash and cash equivalents for the period	Current quarter \$A'000	Year to date (6 months) \$A'000
4.1	Cash and cash equivalents at beginning of period	417	240
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(5,658)	(8,016)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3)	(17)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	11,728	14,280
4.5	Effect of movement in exchange rates on cash held	(1)	(5)
4.6	Cash and cash equivalents at end of quarter	6,482	6,482

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	6,457	391
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)	6,482	417

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	276
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)	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 activitie	es \$A'000	
8.1	Net cash from / (used in) operating activities (Item 1.9)	(5,658)	
8.2	Cash and cash equivalents at quarter end (Item 4.6)	6,482	
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)	14,134	
8.5 Estimated quarters of funding available (Item 8.4 dir Item 8.1)		2.5	
	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.

31 January 2024

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.