

2 December 2016

ASX Code: MXC

## First Major European Sales and Revenue for MGC Derma Range

- MGC Pharmaceuticals has received its first major sales order and commencement of revenues from its Czech Republic distribution deal for its MGC Derma Cannabidiol-based (CBD) cosmetics products with Czech Medical Herbs s.r.o.
- Czech Medical Herbs (CMH) is the exclusive distributor for MGC Derma products in Czech Republic and is a specialist company in the field of cannabis for medical uses
- The Company's agreement with CMH is for the distribution of MGC Derma cosmetics products to over 80 retail outlets in the Czech Republic
- Represents the commencement of the Company's second revenue stream, complementing its first exclusive distribution deal in California
- Executive team is materially advanced on new distribution agreements throughout Europe and North America
- The Company will receive approximately AU\$65,000 revenues from its first order from CMH, part of the entire distribution agreement worth €320,000 (~AU\$500,000) in gross sales, per annum

**MGC Pharmaceuticals Ltd** (ASX: **MXC** or "the **Company**"), is pleased to announce that it has received its first material revenues from its exclusive distribution agreement with Czech Medical Herbs, s.r.o. (CMH), demonstrating material commercialisation of the Company's CBD based cosmetics range into a second major market, in addition to its Californian distribution deal.

CMH is the exclusive distributor of MGC Derma products in the Czech Republic and is a specialist company in the field of cannabis for medical uses. The Company's agreement with CMH represents its first European distribution agreement for its MGC Derma Cannabidiol-based (CBD) cosmetics products.

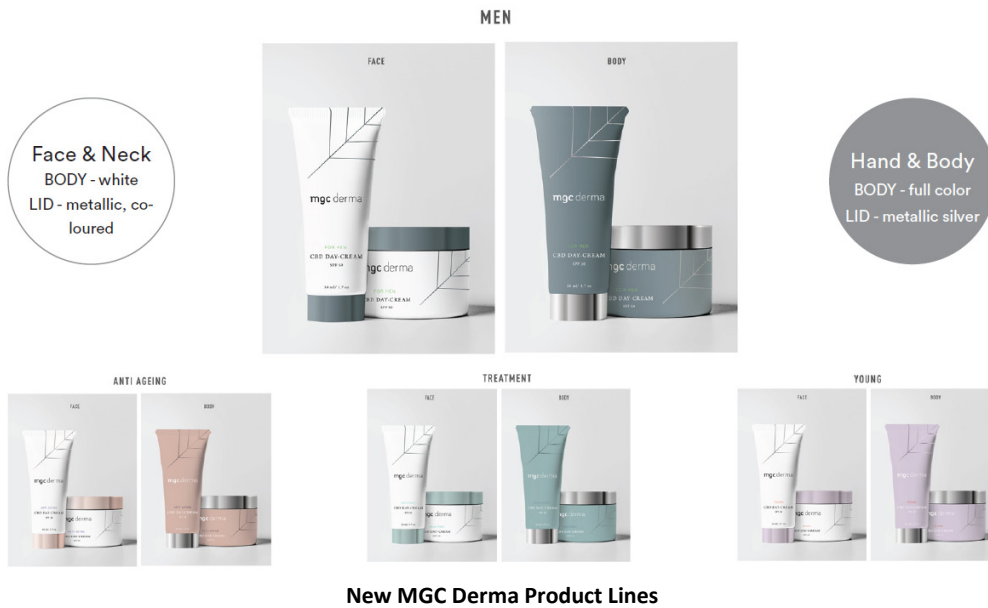
Under the terms of the agreement, announced to the market 24 March 2016, CMH is to distribute MGC Pharmaceuticals' Derma range (formerly Ananda) to retail outlets throughout the Czech Republic. CMH's strong retail connections give MGC Pharmaceuticals access to over 80 retail outlets throughout the country and in neighbouring European countries.

European sales revenue from the Czech distribution agreement represents the Company's second material revenue stream, complementing its existing Californian distribution deal which is also underway and will have its official North American launch in Q1 2017. Following the launch the Company will be completing strategic marketing and distribution deals in key North American markets.



MGC Pharmaceuticals will receive approximately AU\$65,000 revenues from its first order from CMH. The entire distribution agreement represents revenue of €320,000 (AU\$500,000) in gross sales and represents a retail value of over €1,000,000 (~AU\$1,500,000) in total.

The Company expects further revenue uplift in the months ahead following the official European and North American product launches in Q1 2017, and is in advanced discussions for further distribution deals in key markets across the US, Canada and Europe.



**New MGC Derma Product Lines**

To view our MGC Derma online store click here: <https://mgcderma.com>

**Nativ Segev, Co-founder and Managing Director, MGC Pharmaceuticals commented:**

“Receiving our first material European revenues from the Czech Republic is a significant milestone for our Company as it represents that we have already kicked off sales in a second market, complementing our Californian operations. This is also before our official MGC Derma product line launch in early 2017.”

“Currently, we are in discussions with numerous other distribution partners across the USA, Europe and Canada and we look forward to updating the market upon the execution of any distribution agreements.”

**-Ends-**

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**About MXC**

MGC Pharmaceuticals Ltd (ASX: MXC) is EU based specialist medical cannabis company with many years of technical and commercial experience in the medical cannabis industry. The Company's founders were key figures in the Israeli medical cannabis industry and the core business strategy is to develop and supply high quality cannabinoids extract to the growing demand in pharmaceuticals and cosmetics markets in Europe, North America and Australasia. The Company is also developing strategic joint ventures in these key value add industries, as demonstrated with MGC Derma CBD cosmetics.