

3 October 2017

ASX Code: MXC

Major EU Pharma Supply Agreement Signed with Lenis

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- 5-year Supply and Distribution Agreement with European pharmaceutical distribution company, Lenis
- Lenis is a full-service pharmaceutical distribution company in Central Europe, is privately owned with over 9 years of operations in the region and through its subsidiary company Medicopharmacia exclusive distributor of *Gilead Sciences* products in 8 countries in the region
- MXC will supply its medicinal products, which include MGC cannabis flower and CannEpi™ MGC Epilepsy medicine under exclusive distribution into Central and Eastern Europe
- Agreement also provides for the future supply of MGC's finished pharmaceutical products, including its DermaPlus topical cream for treatment of anti-inflammatory, auto-immune conditions

MGC Pharmaceuticals Ltd (ASX: MXC, MGC Pharma or the Company) is pleased to announce that it has signed a 5-year, Supply and Distribution Agreement with European pharmaceutical distribution company, Lenis farmaceutika d.o.o. (Lenis).



Under the Agreement, MGC Pharmaceuticals will supply its medicinal cannabis flower materials and pharmaceutical products to Lenis to sell into territories throughout Central and Eastern Europe.

The Company will supply four of its cannabinoids rich medicinal cannabis flower products (MGC MX201, MGC MX21, MGC MX11 and MGC MX120) to Lenis for wholesale distribution into countries including Latvia, Lithuania, Estonia, Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Macedonia, Hungary, Romania, Bulgaria and Poland at an agreed wholesale price. Furthermore, MGC and Lenis will jointly market the products into Germany, Croatia, Greece and Italy.

The flower products will be available in pharmacies for the treatment or relief of symptoms for a variety of medical conditions, such as nausea, vomiting, pain, Tourette's syndrome, multiple sclerosis, uncontrollable severe epilepsy, inflammatory bowel disease, Crohn's disease, ulcerative colitis and post-traumatic stress disorder.

In addition, the agreement provides for the future supply of MGC Pharmaceuticals' finished pharmaceutical products CannEpi™ for the treatment of refractory epilepsy, and its anti-inflammatory topical cream DermaPlus, once they have been registered in the European Union for sale.

Background on Lenis

Lenis farmacevtika d.o.o. is a European Pharmaceuticals Distribution company privately owned with over 9 years of operations, with annual multi million euro sales history in the region.

Lenis specialises in the distribution of unlicensed medicines and niche therapeutics. Its strong sales team sells a range of specialty pharmaceuticals to hospital pharmacies, wholesalers (for distribution to retail pharmacies) and contract research organisation (CRO) customers across most of Central and Eastern Europe. In 2016 Lenis acquired majority interest in Medicopharmacia, d.o.o., a full-service pharmaceutical distributor with 25-year history of representing leading pharmaceutical and cosmetic companies. Medicopharmacia, d.o.o. is the exclusive distributor for US biopharmaceutical company, Gilead Sciences, Inc. (a \$100b US biopharmaceutical company that discovers, develops and commercializes innovative medicines and therapies) in eight countries in the region. Lenis also works in close partnership with its warehousing and logistics provider, Kemofarmacija d.o.o., from the McKesson Corporation, to service its customers.

Under the Agreement, Lenis will be responsible for the marketing, sales, logistics, exporting, handling and pharmacovigilance (drug safety) for the products.

The Agreement has been executed under a revenue sharing arrangement that varies depending on the product, minimum sales and product volume. All sales prices will be revised time to time by MGC Pharmaceuticals.

The Agreement runs for a period of 5 years with an automatic extension of 2 years, upon agreement by both parties. Furthermore, Lenis has first right of refusal to expand the agreement to include sales into any new European territories.

Roby Zomer, CEO and Founder, MGC Pharmaceuticals commented:

“We are very happy to be partnering with Lenis to provide our medicinal cannabis flower materials to customers across territories in Central and Eastern Europe. This deal follows our recently announced API deal with leading laboratory supplier, Mikro+Polo which was signed in June 2017, making it our second European deal. Furthermore, it broadens the products we sell into Europe from APIs to now include flower materials and our future medications. It also gives us an immediate path to market for our anti-inflammatory topical cream DermaPlus.”

Branko Huč, PhD, CEO and Founder, Lenis commented:

“Specialty and niche pharmaceutical products have always formed a strong component of our sales mix. Our team, with their mix of technical and business skills and proven history in the pharmaceutical industry, are extremely excited to be working with MGC Pharmaceuticals and are looking forward to commencing sales to our customers across Europe in the near future.”

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About MXC

MGC Pharmaceuticals Ltd (ASX: MXC) is a European based specialist medical cannabis biopharma company with many years of technical, clinical and commercial experience in the medical cannabis industry. The Company's founders were key figures in the global medical cannabis industry and the core business strategy is to be a global leader in phytocannabinoid-based medicine within the biopharmaceutical medical markets in Europe, Australasia and North America.

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