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Purchase of Strategic 40% Stake in AI Software Co. To Fast-Track ZAM Medical Data App Rollout

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Key Highlights:

- MGC Pharma has executed a binding Share Purchase Agreement (SPA) to acquire 40% of ZAM Software Limited (ZSL), as outlined in the Company release of 6 July 2022 regarding the ZAM Medical Data App.
- ZSL is the owner of a real-time data collection software with proprietary Artificial Intelligence (AI) algorithms.
- MGC Pharma is acquiring a 40% interest in ZAM Software Limited, a UK incorporated entity, through the issue of £700,000 of MXC ordinary shares upon satisfaction of conditions precedent to the SPA.
- Software development company Caba Tech, co-developers of the ZAM App, will continue to own the remaining 60% of ZAM Software Limited.
- The investment in ZSL’s AI software is critical to the Company’s plans for an accelerated rollout and commercialisation of the ZAM Medical Data App (ZAM App), for use across pharmaceutical and health care sectors.
- The ZAM App will be launched in two phases, firstly through a closed launch to collect data from 100 patients enrolled through MGC Pharma’s Australian tele-health business, Medicinal Cannabis Clinics (MCC).
- In time, the ZAM App and its associated AI machine learning capability, will help predict potential intra-treatment side effects, and generate statistics to measure aggregate and holistic treatment outcomes.
- Through its AI learning and functionality, the ZAM App offers the possibility of personalising medication, not just with cannabis-based products, but with all patient treatments and pharmaceutical drugs.
- The Company believes the integration of this learning AI algorithm could be revolutionary in the health sector, positioning the ZAM App far ahead of market peers.
- The ZAM App is designed to provide tailored medical information to the patient alongside their health practitioner, increasing the real-time efficiency of patient care in the healthcare system.

MGC Pharmaceuticals Ltd (**‘MGC Pharma’** or **‘the Company’**) a European based bio-pharma company specialising in the production and development of phytomedicines, is pleased to announce that it has acquired a 40% equity stake in ZAM Software Limited, a UK incorporated entity and the owner a proprietary Artificial Intelligence data gathering software algorithm, which has real-time data collection applications for use across the pharmaceutical and health care sectors.

Under the terms of the agreement, MGC Pharma will issue £700,000 in MGC Pharma Shares to acquire a 40% shareholding in ZAM Software Ltd (ZSL), with the balance of ZSL owned by software development company Caba Tech, co-developers of the ZAM App. MGC Pharma will continue to fund the development of more functionality in the App as it progresses according to MGC Pharma requirements. MGC Pharma now holds irrevocable and unrestricted access to all clinical information collected by the ZAM App for its own clinical trials and product development in the future.

As previously announced on 6th July 2022, ZAM will enable patients to log their medical history and monitor their medication use. Through the collection of patient data, the ZAM App will provide users with a more complete understanding of their health and treatment impact.

In addition to recording medical data, the ZAM App will provide patients with instructions on how and when to take medication (per their medical practitioner’s advice), measure treatment progress, and have the ability for a qualified medical practitioner to prescribe alternative medication following an online consultation through telehealth services such as MGC Pharma’s MCC based in Australia.

In time, an AI algorithm will use data collected from the ZAM App, including results from academic and clinical studies, to predict potential conflicting side effects from multiple treatments, as well as allowing users to order existing prescriptions, and provide the App user’s medical practitioner with a comprehensive set of data on treatment and medical history. The first phase of the ZAM App release will be undertaken as a “closed release” whereby 100 patients of MGC Pharma’s Australian telehealth business will be given access.

Key Commercial Terms of the ZAM Share Purchase Agreement (SPA)

The key commercial terms of the ZAM Software Limited acquisition are set out below:

- MGC Pharma’s wholly owned subsidiary, MGC Pharma (UK) Ltd (**MGC**), to acquire 40% of the share capital of ZAM Software Limited, a UK registered company and owner of the ZAM Medical Data App and Artificial Intelligence software algorithms for £700,000, payable in MGC Pharma shares. The MGC consideration shares will be subject to voluntary escrow for 3 months, and are subject to successful performance and operation of the AI algorithms and operating platform of the ZAM App.
- Completion of the transaction is subject to standard Conditions Precedent, including the issue of shares in ZSL to MGC.
- The SPA includes a number of terms and conditions to protect MGC’s minority shareholding position, including:
 - Decisions by ZSL’s board require unanimous approval by directors, with no casting vote by the Chair.
 - ZSL’s board of directors to consist of 2 directors, with 1 director to be appointed by MGC.
 - For the first 2 years from Completion under the SPA, no shareholder may sell their shares in ZSL without the written consent of the other shareholder.
 - Each shareholder shall have a First Right of Refusal to acquire the shares of another party wishing to sell their interest in ZSL.
 - For a period of 3 years from Completion under the SPA each shareholder is subject to non-compete restrictions, which prevent it from being involved in a venture(s) which own or promotes an application or software similar or competing to ZAM.
 - MGC to hold an exclusive, irrevocable license to use, and have unrestricted access to, all and any clinical information collected through the ZAM App, for development of MGC’s future clinical trials and medicines.

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Authorised for release by the Managing Directors, for further information please contact:

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About MGC Pharma

MGC Pharmaceuticals Ltd (LSE: MXC, ASX: MXC) is a European based bio-pharma company developing and supplying affordable standardised phytomedicines to patients globally. The Company’s founders were key figures in the global medical cannabis industry and the core business strategy is to develop and supply high quality phytocannabinoid derived medicines for the growing demand in

the medical markets in Europe, North America and Australasia. MGC Pharma has a robust product offering targeting two widespread medical conditions – epilepsy and dementia – and has further products in the development pipeline.

Employing its ‘Nature to Medicine’ strategy, MGC Pharma has partnered with renowned institutions and academia to optimise cultivation and the development of targeted phytocannabinoid derived medicines products prior to production in the Company’s EU-GMP Certified manufacturing facility.

MGC Pharma has a number of research collaborations with world renowned academic institutions, and including recent research highlighting the positive impact of using specific phytocannabinoid formulations developed by MGC Pharma in the treatment of glioblastoma, the most aggressive and so far therapeutically resistant primary brain tumour.

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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