28 July 2023

ASX Code: MXC

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June 2023 Quarter Activity Report and Cash Flow Statement

ASX RELEASE

Key Highlights:

- CannEpil®, MGC Pharma's Investigational Medicinal Product ("IMP") is now available in the United Kingdom by Named Patient Request to be prescribed by doctors on The General Medical Council ("GMC") specialist register across the UK.
- The first UK patient has received CannEpil® through the 'I AM Billy Foundation', supporting the RESCAS study.
- MGC's Maltese fully automated, large scale pharmaceutical production facility has now been granted EU-Good Manufacturing Practice (GMP) certification.
- MGC Pharma has received permission from the Slovenian Ministry of Health to undergo research with Psilocybin.
- UK led fundraising closed on 13 April 2023, raising a total of £1,204,525 (A$2,204,281) (before expenses).

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 June 2023.

Roby Zomer, Managing Director and CEO of MGC Pharma, commented: "We are delighted to report on a very productive June quarter for the business. Cannepil is now available in the UK and can be prescribed by doctors on the GMC and it has been received by the first UK patient through the 'I AM Billy Foundation'. The Company has also received permission from the Slovenian Ministry of Health to undergo research with Psilocybin which reinforces our commitment to growth and innovation as we look to expand our presence in the growing industry of Psychedelics."

Key Company Activities

CannEpil® Approved to Specialist Register for GMC Prescription in the UK

CannEpil®, MGC Pharma's Investigational Medicinal Product ("IMP") is now available in the United Kingdom by Named Patient Request to be prescribed by doctors on The General Medical Council ("GMC") specialist register across the UK. The products will be supplied in order to meet the needs of individual patients where an unmet medical need exists. The availability via Named Patient Request follows the announcement that MGC Pharma is providing **CannEpil®** to an observational trial supported by the 'I am Billy Foundation'.

As announced on 31 May 2023 CannEpil®, MGC Pharma's Investigational Medicinal Product ("IMP") has now been successfully imported and received by its first patients in the United Kingdom. The first UK patient has received CannEpil® through the 'I AM Billy Foundation', supporting the RESCAS study. Additionally, the Company has delivered CannEpil® to its first patient in the UK via the Named Patient Request programme.

CannEpil® is in the process of a clinical development programme for patients suffering from refractory (or drug-resistant) epilepsy.

Malta Production Facility- EU GMP Approval Granted

MGC's Maltese fully automated, large scale pharmaceutical production facility has now been granted EU-Good Manufacturing Practice (GMP) certification.

A formal grant of GMP accreditation, an internationally recognised standard, guarantees high quality, standardised production protocols and further enables quality control of MGC proprietary products within key markets globally. The facility was built with the support of an 80% EU cash funded grant from Malta Enterprises, with the facility commissioned during 2022.

The facility will be able to produce all MGC medicines and supplements and will be able to provide third party production services for other pharmaceutical companies - adding a new potential revenue stream for MGC Pharma. MGC's in house production capacity in Malta is now over 20,000 units a day of finished dose forms, which can support all future needs of CannEpil® and CimetrA™ once marketing authorisation is obtained in the USA and Europe.

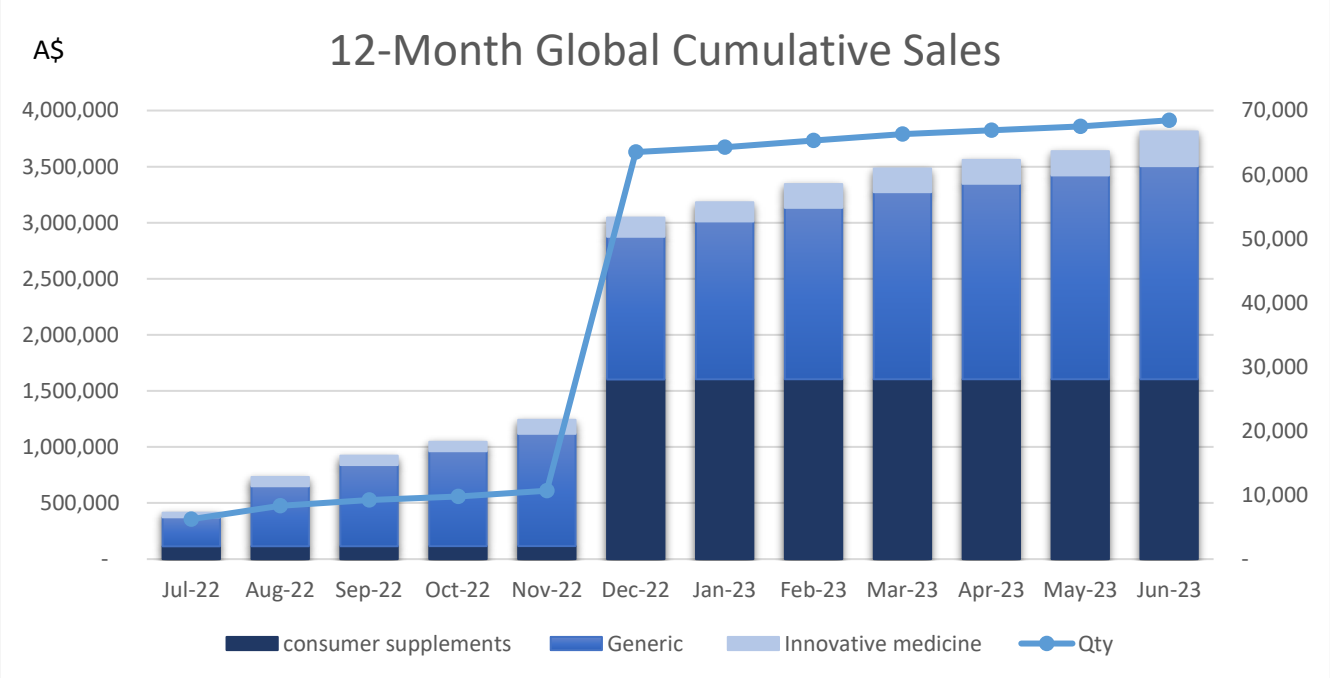
Slovenian Ministry of Health approval for research with Psilocybin

MGC Pharma has received permission from the Slovenian Ministry of Health to undergo scientific research development on the psychedelic compound Psilocybin. The permission granted covers the development of analytical methods, research of physical-chemical properties of Psilocybin and development of pharmaceutical forms that would be suitable for administration.

MGC Pharma is one of the first companies to obtain permission to undertake pharmaceutical research on Psilocybin and the first in Slovenia. The company plans to work with other pharmaceutical businesses to collaborate and provide research capabilities for understanding the properties of Psilocybin. This approval will allow MGC to take the Psychedelic industry one step closer to the pharmaceutical industry by helping to develop and research new medicines based on Psilocybin, and for MGC to provide such services to the growing industry of Psychedelics.

June Quarter Sales Update

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



Funding and Cash Flow Reporting

As announced on 11 April 2023, the Company successfully raised £1.2 million (A$2.7m) (before expenses) by way of a conditional placing of 476,132,620 new ordinary shares of no-par value in the capital of the Company at a price of 0.44 pence (0.8 cents) per Placing Share, and 238,066,311 Fundraise Options. The Placing was supported by a mix of new and existing institutional and high net worth shareholder in both the UK and Australia, including Premier Miton and Cantheon Capital, in addition to the supplementary Broker Option raise.

At the end of the June, the Company has ~A$259k of cash on hand, and ~A$7.7m (US$5.2m) of funding capacity available under the Mercer US$10m Convertible Securities facility.

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

In accordance with ASX Listing Rule 4.7C.3 the Company advises that during the June 2023 quarter, payments to related parties totalled A$196k, 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$404k cash outflows associated with inventory production, A$921k for administration costs (including product registration costs), and cash inflows of A$3.4m including funding received from the Placement conducted in April.

Activities Post Quarter End

Post quarter end, the Company conditionally raised £0.65 million (A$1.24 million) (before expenses) by way of a placing (**Placing**) and subscription (**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 has raised £50,000 (A$95,000) from Roby Zomer, CEO and Managing Director of the Company, pursuant to a convertible loan agreement (**CLA)**. The CLA allows Mr Zomer to provide an investment without requiring advanced shareholder approval, which would otherwise be required for a direct subscription. Additionally, certain members of the Company's management team are subscribing for Ordinary Shares directly with the Company pursuant to subscription letters.

Corporate and Commercial News

Appointment of Joint Broker

As stated on 30 May 2023, Oberon Capital has been appointed as a joint broker in the UK with immediate effect alongside Peterhouse Capital.

Appointment of Public and Investor Relations Advisor

IFC Advisory has been appointed as the Company's new UK-based Public and Investor Relations advisers. The IFC team have in-depth experience in the pharmaceutical sector and will support MGC in its stated forward trajectory.

Personnel changes

On 1 June 2023 Mr Brett Mitchell and Mr Nativ Segev, stepped down from the Board, reflecting the changing direction of the Company as MGC Pharmaceuticals moves away from the medicinal cannabis sector toward a more pharma-focused business strategy.

Dr Stephen Parker, currently Non-Executive Director of the Company, has replaced Mr Mitchell as interim Non-Executive Chair. The Company will appoint a new Australian non-executive director ensuring compliance with section 201A(2) of the Corporations Act and the ASX Listing Rules.

MGC Pharma has also appointed Mr. Layton Mills as a Non-Executive Director of the Company. Mr. Mills is an experienced life-sciences executive, having worked in the biotechnology and life sciences industries for over 15 years, developing significant experience across human and animal health in pharmaceutical and consumer healthcare.

Change of Australian Registered Office and Principal Place of Business

The Company's Australian registered office and principal place of business have changed to the following:

Registered Office:	**Postal Address:**	**Telephone:**	**Fax**:
Suite 1, 295 Rokeby Road Subiaco WA 6008	Suite 1, 295 Rokeby Road Subiaco WA 6008	+61 8 6555 2950	+61 8 6166 0261

Authorised for release by the board of directors, for further information please contact:

MGC Pharmaceuticals Ltd
Roby Zomer
CEO & Managing Director
+61 8 6555 2950
info@mgcpharma.co.uk

MGC Pharmaceuticals Ltd
Rowan Harland
Company Secretary
+61 8 6555 2950
info@mgcpharma.co.uk

UK Brokers
Peterhouse Capital
Charles Goodfellow / Lucy Williams / Duncan Vasey
+44 207 469 0930
cg@peterhousecap.com / lw@peterhousecap.com

UK Brokers
Oberon Capital
Aimee McCusker / Adam Pollock
+44 203 179 5300
aimeemccusker@oberoninvestments.com
adampollock@oberoninvestments.com

UK IR/PR Advisers
IFC Advisory
Graham Herring / Tim Metcalfe / Zach Cohen
+44 203 934 6630
mgcpharma@investor-focus.co.uk

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 plant derived medicines, combining in-house research with innovative technologies, with the goal of finding or producing treatments to 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 high quality plant inspired medicines for the growing demand in the medical markets in Europe, North America and Australasia.

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 plant inspired 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:

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

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

MGC PHARMACEUTICALS LTD

ABN	**Quarter ended ("current quarter")**
30 116 800 269	30 June 2023

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	691	4,079
1.2	Payments for		
	(a) research and development	(213)	(1,777)
	(b) product manufacturing and operating costs		
	i) cost of sales / inventory	(404)	(2,502)
	ii) operating costs	-	(2)
	(c) advertising and marketing	(191)	(701)
	(d) leased assets	-	-
	(e) staff costs	(1,627)	(5,989)
	(f) administration and corporate costs (including product registrations)	(921)	(4,913)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	44
1.5	Interest and other costs of finance paid	(2)	(2)
1.6	Income taxes paid	-	(2)
1.7	Government grants and tax incentives	2	1,162
1.8	Other (GST/VAT refund)	-	619
1.9	**Net cash from / (used in) operating activities**	**(2,664)**	**(9,984)**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
2.	**Cash flows from investing activities**	**Current quarter $A'000**	**Year to date (12 months) $A'000**
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(16)	(739)
	(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**	**(16)**	**(739)**

3.	**Cash flows from financing activities**	**Current quarter $A'000**	**Year to date (12 months) $A'000**
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,698	2,698
3.2	Proceeds from issue of convertible debt securities	-	6,948
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(81)	(81)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
3.9	Other (loan entity which where control was gained after quarter-end)	-	-
3.10	**Net cash from / (used in) financing activities**	**2,617**	**9,565**

4.	Net increase / (decrease) in cash and cash equivalents for the period	Current quarter $A'000	Year to date (12 months) $A'000
4.1	Cash and cash equivalents at beginning of period	315	1,886
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,664)	(9,984)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(16)	(738)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,617	9,565
4.5	Effect of movement in exchange rates on cash held	6	(470)
4.6	**Cash and cash equivalents at end of quarter**	**259**	**259**

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	233	289
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)**	**259**	**315**

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	196
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 activities	$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(2,664)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	259
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)	7,910
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	**3.0**

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.

28 July 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.