

2 December 2020

ASX Code: MXC

Update on MGC Nutraceuticals sale to new US Hemp and cannabinoid wellness company, Onassis

Key Highlights:

- The Onassis transaction and acquisition of MGC Nutraceuticals is proceeding
- As consideration, MXC will receive shares equating to the value of \$6 million in Onassis Holdings Corp. and has an exclusive supply agreement
- Following completion of the FY20 year end audit, MGC Pharma has recently provided Onassis with the audited accounts for MGC Nutraceuticals
- Onassis now finalising the offering submission to the US SEC for a capital raising and the process to completion is approximately three months
- Onassis will raise approximately US\$8.5m of which US\$2.5 million will be allocated to the commercial roll out, expansion and growth of MGC Nutraceuticals
- Completion of the transaction with Onassis is expected within five months
- MGC Pharma will use the funds from the sale as working capital to fund its core strategy to be a fully vertically integrated, biopharma company

MGC Pharmaceuticals Ltd (ASX: MXC, 'MGC Pharma' or 'the Company'), a European based biopharma company specialising in the production and development of phytocannabinoid-derived medicines, is pleased to provide an update on the timeline for the 100% sale of MGC Pharma's subsidiary, MGC Nutraceuticals d.o.o, to Onassis Holdings Corp. (OTC: "ONSS") ("**Onassis**"), following the signing of a binding acquisition and exclusive CBD supply agreement as announced on the 18 June 2020.

As consideration for the 100% sale of MGC Nutraceuticals, MGC Pharma will receive shares equating to a value of US\$6 million in Onassis Holdings Corp. Additionally, the Company has secured an exclusive supply agreement for the provision of its CBD, raw materials and proprietary production intellectual property (IP) to Onassis for the future production and manufacturing of nutraceuticals products.

Onassis Holdings Corp. plans to become a leading US CBD and Hemp Wellness company.

MGC Pharma has recently finalised and provided the 30 June 2020 audited financial statements for MGC Nutraceuticals to Onassis and full settlement of the acquisition is expected to complete over the next five months.

Onassis has commenced the process of finalising the offering submissions for the capital raising with the US SEC. The process from submission to completion is expected to take approximately three months.

Once the offering submission has been approved, Onassis will complete the capital raising which will enable the full and complete settlement of the MGC Nutraceuticals acquisition.

The completion of the MGC Nutraceuticals transaction will cement Onassis as a diversified wellness holding company publicly traded on the OTC for the US consumer market and retail investors. The sale of MGC Nutraceuticals will allow MGC Pharma and its leadership team to focus on its core business of executing its growth strategy and become a world leading, vertically integrated, biopharma company focused on the development and production of phytocannabinoid derived medications for targeted global markets.

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Details of the capital raise

Onassis will initiate a capital raising with the aim to raise approximately US\$8.5m of which US\$2.5 million will be allocated to the commercial roll out, expansion and growth of Nutraceuticals in the US and other strategically important regions.

The Company will keep shareholders updated on the transaction.

Eliron Yaron, Chairman, Onassis Holdings Corp, commented: “Onassis is very pleased with the quality of the products developed by MGC Nutraceuticals, and will continue to buy CBD isolate for its products over the next 5 years. We believe this transaction will be transformational for Onassis and allows us to considerably expand our offering and the reach of our products.”

Roby Zomer, Co-founder and Managing Director of MGC Pharma, commented: “The sale of MGC Nutraceuticals is a milestone transaction for the division and will allow it to achieve its full operational and commercial potential. The Onassis team are highly experienced in wellness products and will be able to develop, grow and distribute the products to a broad range of customers across the US. Selling the division is also a major milestone for us at MGC Pharma as we are now able to fully focus on our core strategy and on developing and commercialising our phytocannabinoid derived products for growing global markets.”

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About MGC Pharma

MGC Pharmaceuticals Ltd (ASX: MXC) is a European based bio-pharma company developing and supplying affordable standardised phytocannabinoid derived medicines 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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