

23 November 2020

ASX Code: MXC

## MGC Pharmaceuticals completes acquisition of Australian telehealth platform Medicinal Cannabis Clinics

### Key Highlights:

- MGC Pharma has completed the 100% acquisition of the operating telehealth clinic - business assets, data and IP of Medicinal Cannabis Clinics (MCC)
- MCC is one of Australia's leading medicinal cannabis clinics, providing a telehealth platform for patients
- MGC Pharma has incorporated a new Australian company Medicinal Cannabis Clinic Pty Ltd, which will hold and operate all of the MCC assets
- Acquisition of MCC assets significantly expands MGC Pharma's immediate operating and distribution capacity in Australia, with an operating telehealth platform which enables it to provide control of the supply chain from manufacturing through to patient
- Additional distribution capabilities will also considerably reduce MGC Pharma's importation, storage and per unit distribution costs, further improving the profit margin of MGC Pharma's high-quality GMP certified medications to patients at current affordable prices

**MGC Pharmaceuticals Ltd (ASX: MXC, 'MGC Pharma' or 'the Company')**, a European based bio-pharma company specialising in the production and development of phytocannabinoid-derived medicines, is delighted to announce completion of the 100% acquisition of the operating telehealth clinic business assets, data and intellectual property of Medicinal Cannabis Clinics ("**MCC**" and "**MCC Assets**" as appropriate), which was a wholly owned subsidiary of Cannvalate Pty Ltd ("**CVL**").

The completion of the MCC acquisition follows the signing of the binding term sheet in July 2020 and execution of transaction documents. The payment of the consideration of \$1m MGC Pharma Ordinary Shares (2/3 subject to trading restrictions) and \$400,000 in cash is to be made in coming days. Refer ASX release 20 July 2020 for additional details.

Medicinal Cannabis Clinic Pty Ltd (now 100% owned by MGC Pharma) is also in the process of obtaining all relevant state and federal licences to allow for the import and distribution of MGC Pharma medicinal cannabis products in Australia. The Company will then move its Australian supply chain into Medicinal Cannabis Clinic Pty Ltd which will significantly reduce logistical costs such as importation, storage and distribution costs per unit, delivering an increased profit margin.

For the first two (2) years, the clinic will continue to be managed by Cannvalate and Dr Gal Wong, ensuring clinical governance practice is maintained.

### About Medicinal Cannabis Clinics

MCC was established in 2019 and is now a leading Australian telehealth medicinal cannabis clinic with an extensive doctor and patient network, that enables eligible patients to access high-quality and affordable medicinal cannabis products.

Since incorporation, MCC has facilitated over 4,000 medical consultations with pre-screened eligible patients and has shown continued month-on-month growth. The clinic utilises video telemedicine, allowing its doctors to prescribe the range of cannabinoid medications available in Australia. This transaction provides MGC Pharma with turnkey access to over 600 pharmacy accounts and patients can also leverage on existing seamless delivery infrastructure so medication can be dispensed and delivered straight to the patient's door, eliminating the need for multiple visits to both doctor and pharmacy.

## Strategic Rationale

The MCC Assets acquired provide MGC Pharma with an operating platform with import and distribution capacity that will significantly expand market access and provide control of the supply chain from manufacturing through to patients. This allows the Company to continue providing its high-quality GMP certified medications to patients in Australia to further improve the profit margin at the current affordable prices.

The acquisition of the MCC Assets is the next step in building on-the-ground distribution assets. This allows the Company to wholesale and distribute directly to other clinics and pharmacies to reduce storage and distribution costs, while giving the ability to set retail price points.

**Roby Zomer, Co-founder and Managing Director of MGC Pharma, commented:** “We are very pleased to complete the acquisition of MCC. As previously announced, this acquisition significantly improves our distribution network and supply chain capabilities and efficiencies both in Australia and Internationally. The MCC acquisition enables MGC Pharma to increase the profit margin and meet our stated goal of providing high-quality cannabinoid medications to patients at an affordable price”.

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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 and Brazil 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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