

03 August 2022

ASX Code: MXC

LSE Code: MXC

First Tranche Funding Received under New Financing Facility and Issue of Securities

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MGC Pharmaceuticals Ltd (ASX, LSE: MXC, ‘MGC Pharma’ or ‘the Company’), a European based bio-pharma company specialising in the production and development of phytomedicines, confirms that it has received the first funding tranche of US\$1.2m under the new US\$10 million Financing Facility with Mercer Street Global Opportunity Fund, LLC, a fund managed by Mercer Street Capital Partners, LLC, a United States-based institutional fund manager (together, “**Mercer**”) and MGC Pharma’s largest shareholder, as announced on 29 July 2022 (**US\$10m Financing Agreement**).

The first tranche funding of US\$1.2m provided under the new US\$10m facility has been received in full, and the Company will now proceed to issue 1.32M of convertible notes with a face value of US\$1.00 each to Mercer Street (**Tranche 1 Notes**) under the terms of the Financing Agreement. The Company will also issue 21,511,545 fully paid ordinary shares to Mercer today as part of the US\$10m Financing Agreement.

New US\$10m Financing Facility Secured with Mercer

This new US\$10m financing facility provided by the Company’s largest shareholder Mercer Street Global Opportunity Fund, fully funds MGC Pharma’s current business plan and replaces the unused A\$9.25 million of the previous funding facility established in September 2020¹, as detailed in the Company’s ASX Quarterly Reports including most recently the 4C for the quarter ended June 2022.

This US\$10m financing facility provides MGC Pharma with access to significant capital to fund the execution of its business commercialisation strategy, primarily with Sciensus Rare in the UK and EU and AMC in the USA, as well as advance regulatory approvals for the Company’s proprietary products in order to drive revenue growth, assist in the rollout of the ZAM App and provide funding for the Group’s general corporate expenses. The Company will continue to implement significant non-revenue driving cost reductions, as announced in its recent June Quarter Activities Report, within the operations, including the delay of non-core clinical trials.

Roby Zomer, Co-founder and Managing Director of MGC Pharma, commented: “*Mercer’s new US\$10m finance facility provides the Company with access to funding for MGC Pharma to continue to execute its business strategy of opening up key strategic markets over the next 6 months. During this period the business strategy will focus primarily on generating revenue growth through our existing relationships with Sciensus Rare in the UK and Europe, and AMC in the USA.*

In addition to its sales growth strategy, MGC is very excited about the potential value that the recent 40% acquisition of the ZAM medical data collection App, and its associated machine learning algorithm bring to the Company. This investment is not only aimed at reducing R&D costs and providing the Company with critical proprietary clinical data in the future, but also provides the MGC with the potential for a future additional revenue stream and a value creating asset on the back of the software’s successful implementation and rollout.”

1. Refer ASX announcement 10 September 2020, titled “\$15M finance facility to fund revenue growth for key markets”

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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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