

22 December 2023

ASX Code: MXC

LSE Code: MXC

MGC Pharmaceuticals Ltd.

Company Update

Placing to Raise US\$500,000

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MGC Pharmaceuticals Ltd (**MGC Pharma**, **MGC** or the **Company**), a European based pharmaceutical company specialising in the production and development of innovative medicines for unmet medical needs, is pleased to provide an update on the Company's status and progress moving forward.

In a significant move, MGC has successfully completed a comprehensive capital restructuring, marking a pivotal moment in its development. The Company is well positioned to embark on the implementation of its long-term strategy as a developing company in the pharmaceutical industry. Central to this strategic vision is the pursuit of widespread distribution for its ground-breaking treatments, underscoring MGC's commitment to advancing healthcare solutions. The strategic focus extends particularly to regulatory bodies, with a keen eye on securing approvals from prominent agencies such as the FDA in the United States.

At the forefront of the Company's pharmaceutical efforts are its flagship treatments, Cimetra® and CannEpil®. These therapeutic solutions represent the culmination of extensive research, innovation, and the commitment to addressing critical and unmet medical needs. As it progresses, the Company is strategically aligning these key treatments for submission to the Food and Drug Administration's Investigational New Drug (FDA IND) application process. This pivotal milestone is scheduled for 2024.

In pursuit of the strategic transformation as a pharmaceutical company, MGC is focused on raising its profile in the capital markets, as it explores all opportunities to complement its existing public status on the London Stock Exchange and consider the U.S. market as a future potential supportive capital market. This approach reflects the Company's commitment to expanding its global footprint and unlocking new avenues for growth and collaboration.

Placement

In order to facilitate this growth and to bolster our venture into the competitive US market, the Company has received commitments for additional capital with professional and sophisticated investors for an equity investment of US\$500,000 (±AU\$740,000) into the Company via a private placement. A significant portion of these funds will be channelled towards intensifying our regulatory and legal requirements. The Investors were identified from within the existing network of the Company's Board and Executive Management through a bookbuild process, which involved seeking expressions of interest from unrelated, professional and sophisticated investors that are exempt from the disclosure requirements in section 708 of the Corporations Act 2001 (Cth). Additionally, the Company confirms that no fees will be paid to any party for managing the Placement.

Under the Placement, the Company will issue 1,480,000 fully paid ordinary shares (**Shares**) at an issue price of AU\$0.50 per Share, representing nil discount to the 21 December 2023 closing price and approximately 5.5% to the 5-day volume weighted average price (VWAP). The placement includes one (1) attaching options for every two (2) Placement Shares issued. The options will be exercisable at AU\$1.00 each, expiring 3 years from the date of issue (**Options**).

The use of proceeds from the Placement will be allocated to the following:

- Marketing costs US\$300,000 (±AU\$444,000):
 - US\$100,000 (±AU\$148,000) Brand marketing activity
 - US\$200,000 (±AU\$296,000) IR / PR costs
- Legal fees US\$200,000 (±AU\$296,000), including LSE lawyers and LSE prospectus

The Company will issue 1,480,000 Placement Shares using its placement capacity under ASX Listing Rule 7.1A, with a further 740,000 Placement Options to be issued using its placement capacity under ASX Listing Rule 7.1.

The Company confirms that no participants in the Placement were:

- Related parties of the Company, members of the Company’s key management personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
- Issued more than 1% of the issued capital of the Company.

Roby Zomer, CEO and Managing Director of MGC, commented: “This year has been a significant period of progress. This is a testament to the hard work and dedication of our team and we are excited about the opportunities that these additional funds will unlock as we continue to drive innovation, expand our operations, and create long-term value for our stakeholders. We are grateful for the trust placed in us and look forward to a promising future of sustained growth and success as the Company enters an exciting stage in its development.”

—Ends—

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

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About MGC Pharma

MGC Pharmaceuticals Ltd (LSE: MXC, ASX: MXC) is a prominent European pharmaceutical company with a strong commitment to creating accessible and ethically produced cutting-edge medicines. Our approach combines in-house research with innovative technologies, all aimed at discovering and producing treatments for currently unmet medical conditions.

The company's founders and executives are distinguished figures in the global pharmaceutical industry. Our central business strategy revolves around the development and supply of innovative medicines, responding to the increasing demand in the medical markets of Europe, North America, and Australasia.

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MGC Pharma maintains a robust development pipeline that addresses two prevalent medical conditions, with additional products currently in the developmental stages. We've established strategic partnerships with renowned institutions and academia, fostering the optimization of our medicines' development. These medicines are produced in our EU-GMP Certified manufacturing facilities, ensuring the highest quality standards.

With a growing patient base in key regions like the USA, UK, Australia, and Ireland, MGC Pharma has also built a global distribution network through a wide-reaching group of commercial partners. This extensive network places us in a prime position to supply the global market effectively.

Follow us through our social media channels:

LinkedIn: MGC Pharmaceuticals Ltd.

Twitter: @MGC_Pharma

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Instagram: @mgc_pharma

Forward Looking Statements

This announcement may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "anticipates", "targets", "aims", "continues", "expects", "intends", "hopes", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not facts. They include statements regarding the Directors' beliefs or current expectations. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Investors should not place undue reliance on forward-looking statements, which speak only as of the date of this announcement.

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