1 December 2021

ASX Code: MXC

LSE Code: MXC

# £5.5m Capital Raising Completed, led by UK Funds

## Key Highlights:

- £5.5 million (~A$10.3m) share placement completed led by UK based institutional investors and a US investment fund.
- Net proceeds of the Placement Funds receivable by the Company will principally be used for:
  - CimetrA™ Emergency Use Authorisation applications and testing procedures in five key countries in Central/Eastern Europe and Central Asia;
  - New Malta production facility fit-out and commissioning in 1H 2022;
  - Costs of additional CimetrA™ dosing trials in USA and Russia to comply with FDA prerequisites for approval, and CannEpil® clinical trials in the US with US Distribution partner AMC Holdings Inc.;
  - General working capital.
- MGC Pharma has an application for Emergency Use Authorisation for **CimetrA™** in India, with additional applications to be submitted in territories worldwide, including the USA, in collaboration with its US Distribution Partner, AMC Holding Inc.
- **CimetrA™**, MGC's proprietary nanoparticle micellar formulation is in preclinical and clinical trials and has demonstrated its safety and effectiveness as a treatment for COVID-19 patients in both mild and severe cases. Importantly, **CimetrA™** is variant agnostic, as it prevents the Cytokine Storm, believed to be the main cause of death in patients with severe COVID-19.
- In anticipation of demand for **CimetrA™**, MGC Pharma obtained a €3.1m grant from the Maltese government to build a fully compliant EU GMP production facility in Malta, which will have the capacity to produce over 20,000 units of **CimetrA™** in liquid dose form per day.

**MGC Pharmaceuticals Ltd ('MGC Pharma'** or **'the Company'),** a European based bio-pharma company specialising in the production and development of phytomedicines, is pleased to announce that it has received firm commitments to raise £5,500,000 (~A$10.3m) in a share placement in the London market which was strongly supported by a mix of institutional and family office investors from the UK and USA, comprising both new and existing shareholders.

The Placement Shares will be issued at a price of 2 pence (~$0.038) each. This price represents a 13% discount to the LSE closing price on 29 November 2021, being the last practicable trading day prior to the release of this Announcement, and once issued will represent approximately 10% of the Company's Ordinary Shares on issue.

Boutique UK Stockbroker, Turner Pope Investments, acted as Sole and Exclusive Lead Manager and Bookrunner for the Placement into the London market, which has been strongly supported by new and existing UK institutional and family office funds, as well as a US investment fund.

MGC will pay the following fees to the Lead Manager:

- £15,000 advisory fee
- A cash Placement fee of:
  - 6% of the Placement Funds received from participants procured by the Lead Manager; and
  - The equivalent of 4% of the Placement Funds procured by the Lead Manager in options over MGC Pharma Shares, with an exercise price of £0.02 (being the same price as the Share Placement price)

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At settlement, MGC will issue 275,000,000 new MGC Shares to participants out of its current ASX Listing Rule 7.1 share placement capacity.

**Indicative Timetable**

The timetable for the Placement is detailed in the table below. All dates are indicative only and subject to change at the discretion of the Board:

| **Event** | **Date** |
|---|---|
| Close of Bookbuild, and receipt of firm Commitment Letters | 29 November 2021 |
| Placement funds received by the Company | 3 December 2021 |
| Settlement of Placement shares | 6 December 2021 |

**About CimetrA™**

**CimetrA™**, MGC's proprietary nanoparticle micellar formulation is in clinical trials and has demonstrated its safety and effectiveness as a treatment for COVID-19 patients in both mild and severe cases. Importantly, **CimetrA™** is variant agnostic, as it prevents the Cytokine Storm, believed to be the main cause of death in COVID-19 patients. In anticipation of demand for **CimetrA™**, MGC Pharma obtained a grant from the Maltese government to build a fully compliant EU GMP production facility in Malta, which will have the capacity to produce over 20,000 units per day of **CimetrA™** in liquid dose form, double that originally planned. The funds raised will enable the facility fit out to be completed, and the factory commissioned following its completion in November 2021. The production facility will become a crucial part of MGC Pharma's manufacturing pipeline, meeting the near-term demand for **CimetrA™.** MGC Pharma in collaboration with its distribution partners is currently in the process of submitting **CimetrA™** for Emergency Use Authorisation to treat COVID-19 in a number of jurisdictions. So far in clinical trials, there have been no drug related adverse effects, and the treatment can be taken at home.

**Background to Placement**

Since listing on the London Stock Exchange in February, MGC Pharma has been resolutely focused on developing its clinical pipeline, and to take steps towards market authorisation for these products. Primarily, MGC Pharma has been working on achieving Emergency Use Authorisation for **CimetrA™**, its proprietary nanoparticle micellar formulation, which in preclinical and clinical trials has demonstrated the product is effective as a treatment for COVID-19 in both mild and severe cases.

MGC Pharma has applied for Emergency Use Authorisation for **CimetrA™** in India already, and is looking to apply in further territories worldwide, in particular in the USA with its partner AMC Holding Inc., and in Russia. To achieve this, it has sought and received approval for a dosage study by the Rambam Medical Centre's Ethics Committee in Israel. Funds from the placement will go towards completing the study, recruiting patients in territories across the globe, and move **CimetrA™** closer towards market authorisation as a registered medicine. In conjunction with this, MGC Pharma will also be looking to fund Emergency Use Authorisation applications and their associated testing requirements for other territories in Central and Eastern Europe, and Central Asia.

MGC Pharma sees that there is a clear case for expediating these processes given the ongoing COVID-19 pandemic, and the recent emergence of another new strain of the virus. **CimetrA™** is variant agnostic, as it treats the Cytokine Storm, a severe immune reaction believed to be the main cause of death in patients with severe COVID-19.

Another key product in MGC pharma's clinical pipeline, **CannEpil®**, a phytocannabinoid derived IMP, is designed to treat Drug Resistant Epilepsy. Earlier this year **CannEpil®** was approved for use in Ireland under the Irish Department of Health HSE Service Plan, which makes it free for patients. This month **CannEpil®** was prescribed to its first patient, who suffers

from Drug Resistant Epilepsy. As part of MGC Pharma's global ambitions for **CannEpil®**, proceeds from the fundraise will also be used for further clinical trials of **CannEpil®** in the USA, the largest pharmaceutical market in the world, with our American partner AMC Holding Inc.. There are currently around 50 million people globally who suffer with Epilepsy, and 33%[1] of those with Drug Resistant Epilepsy, so there is a clear patient need for this treatment.

Alongside the development of the clinical pipeline, MGC Pharma has continued to increase revenues over the past six months with its existing product lines delivering a record $2.24m in cash receipts from customers over the previous two quarters, and a deal with leading European nutraceuticals distributor Swiss PharmaCan for the sale of supplement ArtemiC™ to deliver AUD$1miilion of revenue in December. Additionally, as announced on 26 August 2021, the Company signed a 3-year US$24million agreement with AMC Holdings Inc., with an advance payment of US$750k received earlier this month.

**Roby Zomer, Co-founder and Managing Director of MGC Pharma, commented:** *"This latest fundraise will provide MGC Pharma the capital required to continue the excellent progress we have made this year with our clinical pipeline.*

*In the last few months, we have made real progress on advancing CimetrA™ towards Emergency Use Authorisation in key territories, all while achieving record revenue figures on our existing products, including ArtemiC™. With the completion of our CimetrA™ Production Facility in Malta now awaiting its fit-out, we will soon be in a position to meet the expected demand for this product when we achieve Emergency Use Approval in key territories and really make a difference to the treatment of COVID-19 patients. By looking for Emergency Use Approval of CimetrA™ in the USA (with our partner AMC) and India, two of the largest pharmaceutical markets in the world, amongst others, we are showing our belief in the product, and our ambition for MGC Pharma.*

*The benefits of CimetrA™ are being shown in trials across the world. As more variants emerge, we believe that CimetrA™ will be able to treat the pathophysiological mechanism of the disease. It is more important than ever that we accelerate the Emergency Use Authorisation process in territories across the globe, to make sure that all patients have access to CimetrA™.*

*Everyone at MGC Pharma is ready to build on the excellent work that has been done so far, and to deliver for our shareholders and for patients globally."*

**--Ends--**

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[1] Source: https://www.epilepsy.com/learn/drug-resistant-epilepsy

## 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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