

22 December 2020

ASX Code: MXC

MGC Pharma to receive support of ~\$5 Million Cash Grant to establish ArtemiC™ production in Malta

Key Highlights:

- MGC Pharma has been granted assistance of 3.1 million Euro (~A\$5 million) cash grant from Malta Enterprise to set up a fully functional GMP facility for the production of ArtemiC™ in Malta
- The Malta facility will create a European manufacturing hub for ArtemiC™ with the ability to scale production to meet expected growing demand following positive clinical trial results
- The EU GMP facility will be able to produce 10,000 units of liquid dose medicines per day.
- Strong support has been received from the Maltese government through Malta Enterprise to establish a world-class GMP facility to respond to the growing pharma and cannabis industries on the island
- Construction of the extension to the MXC Malta facility has commenced and is expected to be completed Q2 CY2021

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 announce it has qualified for the support and start to receive the ~\$5 million cash grant from Malta Enterprise to renovate and extend the Company's existing Clinical Research Organisation (CRO) facility in Malta to include a fully functioning GMP certified manufacturing facility for liquid dose form and its COVID-19 anti-inflammatory product, ArtemiC™

Background

Malta Enterprise is the country's economic development agency, tasked with attracting new foreign direct investment as well as facilitating the growth of existing operations. In June this year, Malta Enterprise announced they may provide financial support not exceeding 80% of the eligible costs to support undertakings to carry out investment projects to increase or initiate production of COVID-19 relevant products or to diversify existing production to be able to produce COVID-19 relevant products.

MGC Pharma through its positive clinical trial work and results for ArtemiC™, has qualified to receive a cash grant of approximately 3.1 million Euro (~A\$5 million) from Malta Enterprise (ME) for the manufacturing of ArtemiC™ in Malta, which represents 80% of the expected construction and equipment cost for expanding the Company's existing CRO facility in Malta to include a GMP certified manufacturing facility.

The Opportunity for ArtemiC™

MGC Pharma recently completed a renovation of its CRO Facility in Malta (refer ASX release 27 October 2020) with assistance provided by ME. Following the Malta Enterprise COVID-19 initiative, MGC Pharma was presented with a unique opportunity to extend and build a world class, fully functional, EU-GMP manufacturing facility and create a European manufacturing hub for ArtemiC™ and for liquid form dose medicines, with the ability to scale up production to meet expected growing demand with positive clinical trial results.

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Upon completion of the facility, MGC Pharma will be in a strong position to streamline global distribution via Malta’s convenient shipping access to the entire globe. The initial target markets for the distribution of ArtemiC™ will be Israel, Russia, the CIS countries and countries in the Balkan region as determined by the distribution agreement signed with K.S. Kim International, a wholly owned subsidiary of SK-Pharma group (refer ASX release 13 May 2020).

The MXC Malta facility extension is currently under construction and is expected to be fully operational by Q2 CY2021.

Roby Zomer, Co-founder and Managing Director of MGC Pharma, commented: “MGC Pharma is very committed to our operations in Malta and helping to build a responsible and viable industry to support the island’s emerging Pharma and Cannabis industries. We have been working closely with Maltese Authorities and Malta Enterprise and now have a tremendous opportunity to establish a European hub for our anti-inflammatory product, ArtemiC™, which is continuing to have positive clinical trial results”.

Kurt Farrugia, Chief Executive Officer, Malta Enterprise commented: “Malta Enterprise has been working closely with MGC Pharma Ltd, for almost two years now. We are very proud that their activities in Malta, will now also involve the production of ArtemiC™, a treatment whose effectiveness against the COVID-19 virus is currently being scientifically and clinically proven. The production of ArtemiC™ in Malta, will continue to strengthen our position as the ideal hub for advanced manufacturing and scientific development, and Malta Enterprise, as a strategic partner for anyone seriously interested in investing in Malta.”

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

PR/IR Advisors – Media & Capital Partners

Melissa Hamilton (PR) +61 417 750 274

Rod Hinchcliffe (IR) +61 412 277 377

Melissa.Hamilton@mcpartners.com.au

Rod.Hinchcliffe@mcpartners.com.au

MGC Pharmaceuticals Ltd

Roby Zomer

CEO & Managing Director

+61 8 6382 3390

info@mgcpharma.com.au

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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