

6 May 2019
ASX Code: MXC

Distribution Agreement with Grow Biotech and IPS to provide immediate access to large UK Medical Cannabis Market

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- Distribution agreement with Grow Biotech PLC ('Grow Biotech') and IPS Specials ('IPS') (together 'the Parties') provides direct, official access into UK medical cannabis market
- The Parties have extensive networks of 5,500 pharmacies across the UK and are established leaders in the UK medical cannabis market
- MGC Pharma's proprietary products including CannEpi™ (epilepsy) and CogniCann™ (dementia and Alzheimer's) to be registered, imported and delivered directly to the end patient
- Initial prescriptions for CannEpi™ already received by Grow Biotech and IPS
- Estimated UK market size for cannabis medicinal uses expected to reach €8.8B by 2028¹, and over 500,000 people in the UK are currently diagnosed with epilepsy²

MGC Pharmaceuticals Ltd (ASX: MXC, "MGC Pharma" or "the Company") is pleased to announce that it has signed an exclusive distribution agreement ('the Agreement') with UK medical cannabis leaders, Grow Biotech and IPS ('the Parties'), providing MGC Pharma direct access to their established distribution channels into the growing UK market medical cannabis products.

Under the Agreement, the Parties will provide medical import and distribution services to MGC Pharma, affording UK patients access to the Company's range of proprietary Investigational Medicinal Products ('IMPs'), including CannEpi™ targeting epilepsy and CogniCann™ for dementia and Alzheimer's.

The Board believes that the Parties are ideal partners to facilitate the Company's expansion into the UK market, as they were the first to import a bulk shipment of medical cannabis to the UK. This was by providing patients medicine direct on 15 February 2019 following UK regulation changes on 1 November 2018, which allowed specialist doctors to prescribe medical cannabis to their patients. Notably, the Parties have a strong distribution network of over 5,500 pharmacies and an on-site pharmacy that can fulfil prescriptions direct to a patient's door.

The Parties will ensure that MGC Pharma's products are appropriately registered with all relevant authorities and manage the end-to-end process, from import through to delivery to the end patient at home or selected pharmacy. Grow Biotech will also provide educational support and product information to UK prescribing doctors to support the products' reception in the UK market, which is expected to be strong based on early indications of interest.

¹ Source: [Prohibition Partners: The European Cannabis Report™ 4th Edition](#)

² Source: [Epilepsy Society](#)

Grow Biotech and IPS have already received initial prescriptions for CannEpiTM. Additionally, MGC Pharma will play an active role in the board Centre for Medical Cannabis, a UK industry membership body, to assist in the construction of a supportive regulatory framework, which will help patients get easy access to cannabis-based medications.

In the UK, the estimated market size of medical cannabis is expected to reach €8.8B by 2028³, representing a key market, which provides a huge opportunity for the Company and the commercialisation of its pipeline of phyto-cannabinoid products. Over 500,000 people in the UK have epilepsy⁴, representing a large market of patients who could benefit from the CannEpiTM product alone.

Terms of the Agreement

1. Grow Biotech and IPS will be the exclusive importer and distributor of MGC Pharma's range of proprietary Investigational Medicinal Products ('IMPs') in the United Kingdom, there is the ability for the Parties to expand territory to other jurisdictions outside the United Kingdom
2. The Parties to provide scientific education services and clinic support during the Agreement duration
3. The agreement term is five (5) years unless extended by mutual agreement
4. The agreement includes termination rights over aspects of the services if the Parties do not meet MGC Pharma's agreed expectations and targets over certain time periods
5. Success fees are payable by the Company upon specified sales-based milestones based on the number of product prescriptions being achieved by the Parties
6. There are no specified minimum contract amounts or volumes under these agreements other than mentioned above.

Roby Zomer, Co-founder and Managing Director of MGC Pharma, commented:

"This is a significant agreement for MGC Pharma, which provides us with official access into the UK medical cannabis market and an established network of distributors for our product. Partnering with Grow Biotech and IPS places us with proven experts in importing medical cannabis products into the fast-growing UK market, expected to reach €8.8 billion by 2028. Our move into the UK is proving extremely timely, with a change in regulation and increasing interest from doctors and pharmacies keen to explore new ideas particularly involving medical cannabis. With a robust portfolio of exciting products and a strong development pipeline evolving from our R&D and seed to pharma strategy, we look forward to updating shareholders on our progress as we look to build a leading international biopharma company."

Hari Guliani, COO of Grow Biotech, commented:

"In the last two and a half months since our first bulk import of medicinal cannabis, Grow Biotech and IPS have seen increasing numbers of prescriptions for patients in the UK. We are excited to be able to offer MGC Pharma's range of products in the UK market, which provide new options to the limited range currently available for doctors in the UK. Our agreement with MGC Pharma marks an important step towards being able to help doctors achieve the patient outcomes we are all committed to."

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³ Source: [Prohibition Partners: The European Cannabis ReportTM 4th Edition](#)

⁴ Source: [Epilepsy Society](#)

For further information, please contact:

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About MGC Pharma

MGC Pharmaceuticals Ltd (ASX: MXC) is an EU-based BioPharma company with many years of technical clinical and commercial experience in the medical cannabis industry. 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 cannabinoids based pharmaceuticals products for the growing demand in the medical markets in Europe, North America and Australasia.

About Grow Biotech PLC

Grow Biotech is evolving medical cannabis science, markets, and technologies to create an industry with the sophistication to meet the needs of patients globally. By combining their strengths as scientists, technologists, and commercial strategists, they create game-changing Intellectual Property and commercial solutions that will transform the fastest growing industry in the world: medical cannabis.

About IPS Specials

IPS Specials has over 17 years' experience in unlicensed and licensed medicines. IPS is a member of the APSM (Association of Pharmaceutical Specials Manufacturers), committed to providing an industry-leading all-round service underpinned by Quality and Patient Safety. Over 98% of IPS' deliveries are completed by 12 noon the next day after receiving an order. IPS has an established MHRA (Medicines & Healthcare products Regulatory Agency) compliant supply chain to UK Retail and UK Hospitals.

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