

26 February 2020
ASX Code: MXC

MGC Pharma signs agreement to access key EU market: Commercial supply deal for first products into Poland

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MGC Pharmaceuticals Ltd (ASX: MXC, 'MGC Pharma' or 'the Company') is pleased to announce that it has entered into an exclusive commercial wholesale supply agreement ('**Agreement**') with Polish NGO Cannabis House Association (Stowarzyszenie Cannabis House) and the Forensic Laboratory of the Faculty of Law and Administration of the University of Łódź in Poland, a key EU market.

The Agreement sets out the terms under which MGC Pharma will supply its cannabinoid medicine products, and scientific support, to support a large-scale commercial research study aimed at collecting data on medicinal cannabis users and products in Poland (the '**Project**').

The Project will supply cannabis products and collect important study participant data on access to registered and regulated cannabis products to users in Poland through 15 pharmacies immediately, and will expand to 50 pharmacies within nine months. MGC Pharma will be the exclusive supplier of its phytocannabinoid products, which will be based on CannEpil[®], CogniCann[®], and the Mercury Pharma line, via a commercial wholesale agreement into pharmacies and authorised dispensaries, and arrange supply of other cannabis products as required for the Project. There is no minimum order volume under the agreement.

Key Highlights:

- Execution of an exclusive commercial wholesale supply agreement with the Forensic Laboratory of the Faculty of Law and Administration of the University of Łódź and Cannabis House Association will see MGC Pharma exclusively provide products to the Project
- The Agreement represents a key milestone and provides access to Poland, a key EU market immediately, and is expected to drive revenues and generate significant patient data
- MGC will distribute its products into Poland for the first time and is responsible for providing all products to the Project, which will be based on CannEpil[®], CogniCann[®], and the Mercury Pharma line
- The Project will immediately rollout to 15 pharmacies and authorised dispensaries to provide the registered products and will scale to 50 within the first nine months. Full rollout is planned for 250 locations within two years
- The Project is designed to examine the societal, financial, medical and public health ramifications of monitored cannabis access to patients and users, and is the first of its kind in Europe
- The Project's commencement is subject to final approval by the University of Łódź's Bioethics Committee, with approval expected by all parties by April 2020
- There is a total of 15,000 registered pharmacies in Poland, 90% of which are authorised to distribute cannabis¹
- Polish Pharmaceutical Chamber anticipates that up to 300,000 patients could qualify for medical cannabis¹
- Poland represents a significant entry point into the entire eastern European region, with a population of approximately 38 million people¹

¹ Source: Prohibition Partners: The European Cannabis Report

Roby Zomer, Co-founder and Managing Director of MGC Pharma, commented: “We have continued to build momentum this year by adding Poland to the list of countries where our phytocannabinoid-derived medicines are available, which follows our entry into Ireland in December after receiving formal approval for the sale of CannEpi[®]. The combination of a truly distinctive research project such as this one, run by a highly regarded university in the University of Łódź, with the market potential of Poland and government support, creates a unique opportunity for MGC Pharma to access to a large EU market immediately, drive revenues, and generate significant patient data. Additionally, the prospect of researching easier access to regulated products is one that appeals to MGC Pharma’s scientific board, creating data that will hopefully support this agenda on a global level.”

PhD Piotr Grzegorzczuk, Chair of Scientific Council of Cannabis House Association, Adjunct . at Faculty of Law and Administration, University of Lodz, said: “We are very pleased to partner with a high quality partner in MGC Pharma, which helps us assure that patients and users in Poland will receive the highest quality cannabis products. Current research shows that today’s drug policy doesn’t meet its goals and our project should help to evoke its change and to actually minimise harmful effects of cannabis usage in Poland, through conditional permission for possession and house-usage and through education of society. I trust this project will significantly improve quality of life for patients and users of cannabis. This cooperation between the University, MGC and the Association is a unique opportunity for the many years of experience acquired by MGC to assist in the development of Polish science.”

Further Information on the Agreement

The Agreement represents a key milestone and entry to a large EU market for MGC Pharma, which will be distributing its products into Poland for the first time. The Project will collect important data on the usage of phytocannabinoids for research purposes in Poland, with the expectation that this will assist in similar projects in other countries in the region.

The Faculty of Law and Administration of the University of Łódź, in cooperation with the Cannabis House Association, is currently applying for bioethical committee approval for a planned research and development project to provide legal access to regulated cannabis products, studying the impact of such access on society, public health, environment and more. This is the first project of its type in the EU, and is planned to encompass as many as 250 pharmacies throughout Poland at full rollout in two years. The Agreement is for a minimum period of two years from delivery of the first purchase order, or a later date as agreed in writing by the parties.

MGC Pharma will provide scientific guidance, quality control and products for the Project, supplying consistent, unbranded, and fully regulated and compliant products to pharmacies and authorised dispensaries via a secure distribution network. Additionally, MGC Pharma will be providing guidance and consulting on the implementation of a Phase II medical research and development project focused on specific indications (many matching up to MGC Pharma’s clinical agenda), providing final dose medications to patients across Poland and gathering data to be used in creating evidence to support these products implementations into state supported insurance schemes.

The Polish market

Medical cannabis in Poland was legalised in 2017, allowing for cannabis treatment of any condition, provided there is clinical evidence to prove its effectiveness. Hemp cultivation, production, and sale are all legal in Poland, making it a leader in the European CBD industry as one of the few countries with significant activity at all levels of the value chain. There is a total of 15,000 registered pharmacies in Poland, 90% of which are authorised to distribute cannabis. The Polish Pharmaceutical Chamber anticipates that up to 300,000 patients could qualify for medical cannabis².

² Source: Prohibition Partners: The European Cannabis Report

About University of Lodz

The University of Lodz is one of the best in Poland and a multidisciplinary academic university in Europe, representing scientific and didactic excellence. It is an attractive place for students from Poland and abroad to acquire knowledge, as well as a prestigious place for work, research and education at various levels. The University of Lodz is a forge of the scientific, social and economic elites of our region and country and a valued partner for establishing cooperation for domestic and foreign entities.

About Cannabis House Association

Cannabis House Association (Stowarzyszenie Cannabis House - National Court Register no. 0000587745) – NGO, a legal entity on a full accounting, its financial statements are publicly available. It was founded in 2015 by cannabis lobbyists, activists and people of good will. Its main goal is to organize and conduct experimental research on cannabis and its users, to influence current state of Polish drug policy. The Association hires and cooperates with scientists of all faculties to provide its infrastructure for Open Research Protocol, but main research is conducted on the regulatory - permissive model of drug policy, as an alternative to repression.

Cannabis House Association maintains research continuity, organizes conferences, publishes printed publications and implements test record systems in accordance with the regulation of the Ministry of Health. For the purposes of the research, the Association established cooperation with other scientific entities, entrepreneurs, companies and laboratories.

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About MGC Pharma

MGC Pharmaceuticals Ltd (ASX: MXC, OTCQB: MGCLF) 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 'Seed 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 recent research conducted in collaboration with the National Institute of Biology and University Medical Centre Ljubljana, highlighted the positive impact of using specific phytocannabinoid formulations 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. In order to meet the demands of becoming a key global supplier the company is constructing a 15,720m² GMP state of the art facility in Malta.

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