

18 June 2020
ASX Code: MXC

Sale of MGC Nutraceuticals to US CBD and Hemp Wellness company, including exclusive CBD supply agreement

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Key Highlights:

- Acquisition agreement signed to sell 100% of MGC Nutraceuticals to US OTC publicly traded company, Onassis Holdings Corp. (OTC: “ONSS”)
- Onassis is completing the acquisition of US focused CBD and Hemp businesses with direct product focus to the US retail and consumer market
- Sale of MGC Nutraceuticals for US\$6 million worth of shares in Onassis and an exclusive CBD supply and proprietary production IP agreement
- Onassis to complete US\$8.5m raising of which US\$2.5 million, as a condition of the transaction, is to be dedicated to expanding and growing the MGC Nutraceuticals operations in the US
- Onassis, currently valued at US\$18m market cap, is led by highly experienced entrepreneur Eliron Yaron who has decades of capital markets experience and commercialising businesses
- Significant commercial milestone for MGC Pharma with the sale delivering a material investment asset, with the Company’s resources fully focused on the core pharma business and products

MGC Pharmaceuticals Ltd (ASX: MXC, ‘MGC Pharma’ or ‘the Company’), a European based bio-pharma company specialising in the production and development of phytocannabinoid-derived medicines, is pleased to announce it has signed a binding acquisition agreement to sell 100% of its MGC Nutraceuticals subsidiary to Onassis Holdings Corp. (OTC: “ONSS”) (“**Onassis**”), and an exclusive CBD and raw materials supply agreement which will remain in place for as long as MXC or its subsidiaries continue operating any production facilities in the EU.

Under the agreement, MGC Pharma (UK) Ltd (MXC wholly owned subsidiary) will receive shares equating to a value of US\$6 million in Onassis Holdings Corp. as consideration for the 100% sale of the MGC Nutraceutical business. As part of the sale, the Company secures an exclusive supply agreement for the provision of MXC’s CBD, raw materials and proprietary production intellectual property (IP) to Onassis for the future production and manufacturing of nutraceuticals products.

The acquisition of MGC Nutraceuticals will cement Onassis as a diversified wellness holding company publicly traded on the OTC for the US consumer market and retail investors. Subsequent to this agreement integrating the Nutraceuticals division into the Onassis CBD and hemp portfolio, Onassis will initiate a capital raising offering with the aim to raise approximately US\$8.5m of which US\$2.5 million will be allocated to the commercial roll out, expansion and growth of Nutraceuticals in the US and other strategically important regions.

This is a landmark commercial transaction for the Company and for the MGC Nutraceuticals division as it will be developed by a leading team of market experts through to its next phase of mass market distribution and strong sales growth. The Onassis raising is expected to occur Q3 2020 with settlement of the agreement expected in Q4 2020, key terms of the transaction are included in Annexure A.

Strategic focus on MGC core pharma business

The sale of MGC Nutraceuticals represents a transformational opportunity for growth and strategic development of the division. It also allows MXC and its leadership team to focus on its core business of executing its growth strategy and become a world leading, vertically integrated, biopharma company focused on the development and production of phytocannabinoid derived medications for targeted global markets.

The Company has reached an inflection point in the commercialisation of its phytocannabinoid-based medications this year and is committed to focusing its resources into fast-tracking development of its EU GMP pharma product pipeline and completing development of its European operations.

Roby Zomer, Co-founder and Managing Director of MGC Pharma, commented: “This is a milestone transaction for MXC, with the potential to realise significant value for our Company and shareholders. We are very pleased that MGC Nutraceuticals will have the opportunity to further develop and grow under the expertise of the Onassis team. MXC will not only continue to benefit from the growth of nutraceuticals, but importantly, will be able to further dedicate the teams focus and resources on developing and commercialising our phytocannabinoid derived products for growing global markets.”

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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, 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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About Onassis Holdings Corp.

Onassis Holdings Corp. is a public US corporation traded in the US OTC markets (“ONSS”). Last year, the Company transitioned its operations and is now a wellness CBD and Hemp oil holding company. The company name was changed from Onassis Mining Group to Onassis Holdings Corp. to reflect this transition.

With its main headquarters in NYC, Onassis operates in the wellness, CBD and Hemp oil areas, cosmetics, R&D of new technologies and products related to health, and plants genetics. The Company provides various products and services to businesses operating in the CBD and Hemp oil industry in the United States and Europe.

Onassis currently includes five business units:

- 1) Formulation & Development Unit - Our in-house derma product development teams create unique and custom formulations.
- 2) Private Label Products – Turn-Key Solutions - We offer a comprehensive private label CBD program, with more than 100 products.
- 3) Onassis Brands - The Company is creating its own Cosmetics and nutraceuticals brands that are sold on- and off-line, with the aim to approach worldwide influencers to promote and advertise these products.
- 4) Investments – Onassis is looking to make strategic investments in foreign companies working in the Genetic Breeding, Cultivation, and Consulting of Cannabis Strains.
- 5) Developing of Electronic Disinfection Devices – Our devices focus on the ecological disinfection of large areas, rooms, and objects from germs, viruses, and insects.

ANNEXURE A

Key Terms of the Acquisition

- US\$6,000,000 worth of shares in Onassis Holdings Corp are to be issued to MGC Pharma (UK) Ltd (wholly owned subsidiary of MXC) for 100% of the issued capital of MGC Nutraceuticals d.o.o
- The Onassis shares to be issued to MGC Pharma (UK) Ltd will be valued at the Onassis US\$8.5m raising price
- MGC Nutraceuticals to purchase all CBD and raw material formulas from MXC for as long as MXC or its subsidiaries continue operating any production facilities in the EU – potential revenues from this supply would be determined in the future following MXC receiving purchase orders
- Settlement is to take place within 150 days of signing of this acquisition agreement upon completion of the settlement terms.
- The material settlement conditions are included below:
 - Onassis has been deemed qualified by the Securities and Exchange Commission (the “SEC”) and has raised at least two million five hundred thousand US dollars (US\$2,500,000)
 - Onassis has funded MGC Nutraceuticals with no less than two million five hundred thousand US dollars (US\$2,500,000) in cash
 - MGC Pharma has the right to appoint one director to the Board of directors of Onassis
 - Onassis and MGC Nutraceuticals’ business and assets shall not have been adversely affected in any material way prior to the settlement