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ASX Code: MXC

First European Sales & Distribution Agreement Signed For MGC Derma Cosmetics Product Line

- MGC Pharmaceuticals cosmetics subsidiary, MGC Derma, has executed its first European distribution agreement for its cannabinoid (CBD) based cosmetic product range
- This first distribution agreement represents revenue of approximately €320,000 (~AU\$500,000) in gross sales, which will have an estimated retail value in excess of €1,000,000 (+AU\$1,500,000)
- MGC Derma, MGC Pharmaceutical's wholly owned cosmetic division, is in final stages of preparations for the launch of its own online retail sales platform for its CBD based Ananda line cosmetics products
- Exclusive distribution agreement with Czech Medical Herbs, s.r.o., to sell the Ananda line CBD based cosmetic products to retail outlets throughout the Czech Republic – MXC's first European sales agreement
- Discussions are significantly advanced to enter into similar distribution agreements in neighbouring European countries including Poland and Hungary, and also in the United States of America (USA)

MGC Pharmaceuticals Ltd (ASX:MXC, MGC Pharma or "the Company"), is pleased to announce that it has signed its first exclusive sales distribution agreement, delivering first sales orders for products from its CBD based cosmetic range, MGC Derma – Ananda line, in the Czech Republic. This exclusive distribution agreement has been signed with Czech Medical Herbs, s.r.o. (CMH), which was established in May 2013. CMH is a distributor of medicines and is a specialist in the area of cannabis for medical use. CMH were amongst the first companies involved in the importation and distribution of medical cannabis products in the Czech Republic.

First European distribution agreement signed

Under the terms of the distribution agreement, MGC Derma has received its first order for its Ananda line cosmetics range of 15 CBD based cosmetics products, which include Moisturizing Day Cream SPF 50, Active Firming Anti-Aging Mask, Active Whitening Facial Cream, Anti Puffiness and Dark Circles Eye Serum. The order is expected to generate in excess of €320,000 (~AU\$500,000) in gross sales revenue to MGC Derma in 2016, and represents a retail value of over €1,000,000 (~AU\$1,500,000) in total.

New exclusive distribution agreement

This first sales order has been delivered through a new exclusive distribution agreement with CMH to distribute the Ananda line cosmetic branded products to retail outlets throughout in the Czech Republic. CMH has access to strong retail connections that will potentially give MGC Pharma access to over 80 retail outlets in the Czech Republic and neighbouring countries.

mgc derma
CBD COSMETICS



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MGC Pharma is currently in advanced discussions to expand its distribution agreements to reach further European regions including Poland and Hungary. The Company is also in negotiations with a number of parties as potential distribution partners in the USA, to increase its distributional channels as it increases its product range.

Sales acceleration and launch of online consumer shop

Sales orders are expected to accelerate materially upon the launch of the MGC Derma- Ananda line retail sales website (www.mgcderma.com), which is anticipated to go live in the coming weeks.

MGC Derma's line of CBD based products available for purchase online will include facial serums and creams, eye serums and toners will be sold for an average price around €60 per unit (~AU\$90). A full list of the product range and pricing will be available on the consumer website, and distributed to MXC shareholders following the launch of the online shop.

Further MGC Derma Cosmetic products

MGC Derma is continuing to develop a full range of approximately 50 CBD-based cosmetic products under its cosmetics brand, which is a 51:49 joint venture with well-credentialed cosmetic manufacturer, Dr. M. Burstein Ltd. The full product range will be available for sale by the end of 2016 and with a successful rollout of its product line in the next 12 months, is expected to deliver strong revenue uplift in FY 2017.

Nativ Segev, Co-founder and Managing Director, MGC Pharmaceuticals Limited commented:

"The sales of our first range of CBD cosmetic products marks a major milestone for MGC Pharmaceuticals. It signifies our first revenue generation and our ability to bring to market a range of high quality CBD based products. Through this new distribution agreement with CMH, we have been able to fast track the sales process of our initial range of 15 CBD based cosmetic products.

"With the imminent launch of our new consumer online shop and more products to come in the range, we expect a material uplift in revenue to follow this first sales order."

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About MGC

MGC Pharmaceuticals is EU based specialist medical cannabis company with many years of technical and commercial experience in the medical cannabis industry. The Company's founders were key figures in the Israeli medical cannabis industry and the core business strategy is to develop and supply high quality non-psychoactive Cannabinoid resin extract ("CBD") to the growing European cosmetics and medical markets, and develop strategic joint ventures for key market sectors including cosmetics and medical products.