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ASX Code: MXC

YuShop Completes Chinese Nutraceuticals Market Test, New Sales Program to Commence Immediately

MGC Pharmaceuticals Ltd (ASX: MXC, 'MGC Pharma' or 'the Company'), a European based 'Seed to Pharmacy' bio-pharma company focused on developing and commercialising cannabinoid derived medicines, is pleased to update on its non-pharma operations and to confirm that it has completed its Beta test phase with leading cross-border lifestyle and e-commerce market place YuShop Global ('YuShop') for the distribution of MGC Pharma's nutraceutical products across China, with positive results received.

Key Highlights:

- Eight-week market test campaign conducted in China completed, with an excellent initial market response recorded for MGC Pharma's Nutraceutical products
- Full marketing and sales campaign will commence immediately through YuShop
- Initial shipment of MGC Pharma's products currently on route to China to be available for immediate distribution to complete first orders received
- Sales expected to increase over the next 6-9 months based on results from the market research completed
- MGC Pharma to retain 65% of gross sales margin after retail costs and commissions
- YuShop to sell MGC Pharma's Nutraceutical products to consumers via its established online platform and network of retail channel partners, including 1,500 luxury spas
- YuShop responsible for all sales, marketing, logistics and customer service in China
- China represents a significant market with currently over 350 million middle-class Chinese vitamin and supplement consumers that are expected to purchase over US\$20 billion of Vitamins and Supplements by 2020¹

Roby Zomer, Co-founder and Managing Director of MGC Pharma, commented: "The successful completion of the market test campaign and the positive initial response received from the Chinese market represents an exciting new potential revenue opportunity for the Company that will assist in the advancement of the Company's overarching growth strategy to become a leading international producer of cannabinoid based products."

Nathan Halsey, CEO of YuShop, commented: "We are very optimistic for the full-scale commercialisation campaign of MGC Pharma's nutraceutical products after completing our Beta testing on their product line this past quarter. MGC Pharma's product suite fills an underserved product category in China today and we feel that it will set a standard in the premium CBD infused health products."

¹ Source: SEO Agency: The Huge Vitamins and Dietary Supplements Market in China

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“Our next phase will include rolling out the product suite in over 1,500 premium locations spanning all Tier I Cities in China, and we expect to reach over 1.5 million targeted consumers per month by end of Q1 2020, with sales expectations to increase over that time accordingly.”

Additional Information

YuShop is the trading name for the US registered company NYC 6 Sixty Madison LLC, that specializes in the import and commercialization of innovative health and wellness consumables from around the world into China. YuShop provides its merchant partners a turn-key solution for marketing, importing, and selling their products directly to the middle-class and affluent Chinese consumer through their cross-border digital commerce platform.

As per the ASX announcement on 17 April 2019, under the terms of the distribution agreement between YuShop and MGC Pharmaceuticals, YuShop will sell MGC Pharma’s Nutraceutical products including CBD Hemp protein powder, BCAA CBD capsules, CBD Water Soluble Solution, CBD herbal V-Pen, and three strengths of CBD oil to consumers via its e-commerce platform and retail channel partners. The range of premium CBD and hemp-enhanced products contain high-grade phyto-cannabinoids which have been grown, extracted and processed under MGC Pharma’s strict quality control guidelines and standards and formulated alongside natural vegan proteins and vitamins.

MGC Nutraceuticals was created to capture the non-pharmaceutical product lines developed by the Company over the past 18 months. MGC Nutraceuticals launched its new e-commerce website in March 2019 <https://www.mgcnutraceuticals.com/>

YuShop will provide MGC Pharma access to over 1,500 retail channel partner outlets as well as online, app-based, storefronts and the distribution agreement enables MGC Pharma to take advantage of the China Cross-Border e-Commerce scheme providing market access without the requirement for product registration with the China Food & Drug Administration (CFDA).

YuShop will provide the marketing, sales, logistics and customer service for MGC Pharma’s Nutraceutical products within China with a turnkey marketing solution specifically designed for a Chinese market. This will include the provision of market research, product and brand positioning, translation of marketing materials and instructions, training and support to product sales teams, product placement, logistics from MGC Pharma’s manufacturing facility to customers in China, channel partner management, paid traffic and conversion campaigns, product sales, and customer care.

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About MGC Pharma

MGC Pharmaceuticals Ltd (ASX: MXC, OTCQB: MGCLF) 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.

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