



**ASX RELEASE (27 APRIL 2021)**

## **Epsilon Confirms Executive Appointments and Remuneration Terms**

Epsilon Healthcare Limited (ASX:EPN) (**Epsilon** or the **Company**) is pleased to provide the following update on the structure of the Executive Management Team of the Company and the terms of their remuneration.

### ***Conclusion of Strategic Review & Stabilising the Group's Executive Leadership***

As disclosed in late 2020, the Company commenced a strategic and financial review of the Company's operations with the view to significantly reducing operating expenses and refocussing the Company towards taking advantage of its primary pharmaceutical production assets.

To lead this review, the Company appointed Jarrod White as Chief Executive Officer and Sonny Didugu as Chief Operating Officer.

Since their appointment, the Company has seen significant positive change, including a +\$700,000 improvement in the normalised run rate of the Company from prior to their appointment to approximately ~\$450,000 – \$500,000 per month from May 2021.

Whilst executing these changes the Group CEO and COO have also transitioned the Company away from own-brand production into toll and contract manufacturing, increased the Southport Facility's production capabilities by both production volume and dosage forms, and attracted significant interest from local and international partners looking to access the Company's production capacity.

Epsilon's clinic and distribution group has also been refocused and recorded its best run rate by patients, products dispensed, and revenue on a month and quarterly basis as announced in the Company's Q1 2021 Quarterly Update.

### ***Vision and Mandate for the Executive Team***

Now with a leaner operation, the primary task for the management team is to complete on existing discussions with partners to secure strong forward orders for the Southport Facility, develop a product pipeline for the next 12-24 months, and complete on a number of key corporate initiatives currently in negotiation. The Board of Directors are confident that this will be achieved over the coming months.

*Executive Performance Milestones and Indicators*

Given these initiatives are ongoing, the Board has opted to suspend the executive search for a new Chief Executive Officer pending the completion of the above. Noting additionally that neither the CEO nor COO received any additional remuneration for taking on their new roles since appointment, the Board has agreed to a revised package to incentivise and remunerate the team.

The Company will issue to the Chief Executive Officer the following performance options exercisable at no cost, vesting on the achievement of the following targets on or before 31 December 2022:

- 200,000 Performance Options vesting on the Company's share price closing at or above \$0.30
- 300,000 Performance Options vesting on the Company's share price closing at or above \$0.35
- 400,000 Performance Options vesting on the Company's share price closing at or above \$0.40
- 500,000 Performance Options vesting on the Company's share price closing at or above \$0.45
- 600,000 Performance Options vesting on the Company's share price closing at or above \$0.50
- 800,000 Performance Options vesting upon the Company being EBITDA Positive on a consolidated basis over a consecutive six month period.

The Company will also issue to the Chief Operating Officer the following performance options on the same terms as the Chief Executive Officers' performance options:

- 150,000 Performance Options vesting on the Company's share price closing at or above \$0.30
- 200,000 Performance Options vesting on the Company's share price closing at or above \$0.35
- 300,000 Performance Options vesting on the Company's share price closing at or above \$0.40
- 350,000 Performance Options vesting on the Company's share price closing at or above \$0.45
- 400,000 Performance Options vesting on the Company's share price closing at or above \$0.50
- 600,000 Performance Options vesting upon the Company being EBITDA Positive on a consolidated basis over a consecutive six month period.

Each of the Chief Executive Officer and the Chief Operating Officer will additionally be respectively issued 1.25 million and 1 million fully paid ordinary shares at an issue price of \$0.25 as consideration for their unremunerated work since their appointment to 30 June 2021 in recognition of their cash based remuneration remaining unchanged since their appointment.

***Alignment of Key Executive to Focused Execution Mandate***

The significant gearing of this remuneration to being at-risk and based on performance is reflective of Board and Management's view on the future of the Company following the activities of the Executive Management team over the past seven months.

**Steven Xu, Chairman of Epsilon commented:**

"Since their appointment, the Board has worked very closely with the Chief Executive Officer and Chief Operating Officer as they worked to refocus the Company towards high value pharmaceutical manufacturing and healthcare, taking advantage of our world-leading production capabilities. We're looking forward to the months to come, and seeing both the CEO and the COO deliver on the corporate initiatives in development which will see further significant transformative change in the Epsilon business".

**For further information, please contact:**

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ASX release authorised by the EPN Board of Directors.

**Epsilon Healthcare Limited (ASX: EPN) – [epsilonhelthcare.com.au](http://epsilonhelthcare.com.au)**

Epsilon Healthcare (ASX:EPN) is a diversified global healthcare and pharmaceuticals company. EPN owns a number of medicinal cannabis assets including the largest cannabis manufacturing facility in the Southern Hemisphere, the Tetra Health clinic group, and the Medimar Platform – an end-to-end ecommerce solution for nutraceuticals and cannabis. EPN additionally operates a turn-key cannabis cultivation solutions provider based in Vancouver, Canada.