



ASX RELEASE (1 DECEMBER 2021)

Update on Exclusive Partnership with The Valens Company

Key Points:

- Epsilon and Valens have agreed to extend their Binding Heads of Agreement to 31 January 2022, to allow additional time for the execution of definitive agreements formalising the partnership
- Subject to execution of definitive agreements, Valens will cover all operating and capital expenditure of the Southport Facility in return for preferential access for up to 85% of the operational manufacturing capacity of the Southport Facility
- Epsilon continues to receive production demand from Valens and Cannvalate Pty Ltd (Cannvalate) under the Exclusive Partnership

Epsilon Healthcare Limited (ASX:EPN) (Epsilon or the Company) is pleased to provide an update on its exclusive partnership with The Valens Company as initially announced on 9 September 2021.

Epsilon recently announced that it had entered into a long-term exclusive partnership with The Valens Company (TSX:VLNS)(Valens)(ASX: 9 September 2021), a Canada-based leading manufacturer of cannabis products, for access to Epsilon's Southport Manufacturing Facility to further Valens' international expansion to GMP markets in Asia-Pacific, Latin America, Europe and the UK.

Through a partnership with Epsilon, Valens will access Epsilon's GMP manufacturing capability at the Southport Facility, the largest cannabis extraction facility in the Southern Hemisphere with TGA and EU GMP capability and will offer Valens the capability to deliver GMP grade products to new markets.

Valens' Binding Heads of Agreement with Epsilon provides framework for the exclusive partnership, including an operational consultancy in which Valens allows Epsilon a license to use Valens' intellectual property in operating the Southport Facility, and will provide personnel and support to the facility. In addition, Valens will fund all future operational and capital expenditure of the Southport Facility for the duration of the partnership on a reimbursement basis in return for having access to up to 85% of the planned manufacturing capacity of the Southport Facility on a prioritised first right of refusal basis.

The Binding Heads of Agreement contemplated the formalisation of the exclusive partnership through the execution of further definitive agreements on or before 30 November 2021.

Epsilon and Valens have agreed to extend this date to 31 January 2022 to allow additional time to settle these agreements, by way of entering into a Deed of Amendment to the Binding Heads of Agreement.

Although Epsilon and Valens are targeting to complete these agreements earlier than 31 January 2022, the companies have considered it prudent to allow for extra time given the upcoming holiday period.

Jarrold White, Chief Executive Officer of Epsilon, commented:

“We are pleased at the progress made under the Epsilon and Valens partnership since its inception in September. We look forward to executing formal agreements with Valens to take the Epsilon Southport Facility to a global scale, and towards delivering on key orders for local and export markets in early 2022 and beyond.”

ENDS

ASX release authorised by the EPN Board of Directors.

For further information, please contact:



Jarrold White

Group Chief Executive Officer
e: ceo@epsilonhc.com

Sonny Didugu

Group Chief Operating Officer
e: coo@epsilonhc.com

Steven Xu

Non-Exec Chairman
e: corporate@epsilonhc.com

Investor & Media Enquiries:

Rod Hinchcliffe

Media and Capital Partners
p: +61 412 277 377
e: rod.hinchcliffe@mcpartners.com.au

Melissa Hamilton

Media and Capital Partners
p: +61 417 750 374
e: melissa.hamilton@mcpartners.com.au

Epsilon Healthcare Limited (ASX: EPN) – epsilonhealthcare.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 GMP cannabis manufacturing facility in the Southern Hemisphere, the Tetra Health clinic group, and the Medimar Platform. EPN additionally operates a turn-key cannabis cultivation solutions provider based in Vancouver, Canada.