



ASX RELEASE (21 JULY 2022)

Executive Leadership Changes

Epsilon Healthcare Limited (ASX:EPN) (Epsilon or the Company) advises that Mr Jarrod White has resigned as the Chief Executive Officer of the Company with immediate effect from close of business today, and that following this notice, Mr Steven Xu has been appointed as Executive Chairman of the Company.

With effect from today Mr Steven Xu will Chair an Executive Management Committee which will include Mr Patrick Xu (current Non-Executive Director who will become an Executive Director also with effect from today), and Mr Sonny Didugu, current Chief Operating Officer and Joint Company Secretary.

Mr Jarrod White's resignation follows the Company reaching significant operational milestones including the current exclusive strategic partnership with The Valens Company (NASDAQ:VLNS), the largest quarter for the Company's domestic operations by revenue (Q2 2022), and annualised run rate of revenue and net earnings position from medicinal cannabis manufacture being at their highest in Epsilon's corporate history. This is also matched with the maturing of the Tetra Health clinic business, which is today an industry leader in the facilitation of clinician care and prescription of medicinal cannabis to a significant patient cohort across Australia.

The Company thanks Mr Jarrod White for his long term involvement and services to the Company to date, noting that he will continue to be available to the Executive Management Committee and the Company generally for the foreseeable future and will support an orderly transition including with respect to the Company's expansive narcotics licence portfolio.

In commenting on his resignation, Mr Jarrod White said:

"I became involved as the Interim Group Chief Executive Officer in September 2020 to make necessary changes to position Epsilon as a commercial extraction business, and the time has come for our progress made since then to be led by a more permanent Executive leadership structure. During this time I am pleased at having led a number of key growth and structural changes that were required.

"These included a group rebranding initiative and product repositioning in the domestic market, expanding the Company's extraction relationships to a global and commercial scale and developing a commercial extraction capability, expanding our distribution reach and patient representation in our domestic market, and a large restructure of operational

costs and business units that as at today have more than halved the operating cost run rate when compared to 2020.

"I am pleased with our progress thus far in structuring these changes, and to be leaving Epsilon in the position it is today, with a live strategic partnership with The Valens Company, our largest ever production throughput passing through Southport, which is of a commercial scale that validates our extraction assets and capability, in addition to increases in our patient and earnings base at our Tetra Health clinic that is now bigger than ever.

"I thank the Board for supporting Mr Sonny Didugu (Group COO) and myself in executing on these initiatives, and look forward to seeing them continue to evolve through the newly created Executive Management Committee."

The Executive Management Committee will be responsible for the go-forward management function of the Company's current two core assets (being its wholly owned extraction facility at Southport, and Tetra Health clinic business). The Executive Management Committee will also determine whether an external search for a new Chief Executive Officer or Managing Director is required, having considered the broader context of the Australian and global medicinal cannabis sector, and Epsilon's position within that – including exploring the conduct of future corporate transactions or actions to expand Epsilon's reach.

The Company expects Mr Steven Xu to return to a Non-Executive Director position on completion of a successful management transition or appointment of another permanent Executive role that discharges his now expanded duties.

Executive Chairman, Mr Steven Xu, commented:

"On behalf of the Board and the Company I would like to express my thanks Mr White for his services to the Company to date, and appreciate his continued involvement over our forthcoming transition period.

"Over the past 18 months, the Company's primary focus has been on identifying and realising operational efficiencies across our global portfolio and pivoting the business towards being a medicinal cannabis and pharmaceuticals toll manufacturer and clinic operator with a target of becoming cash flow positive on a consolidated basis.

"Today, the Company is fundamentally in the strongest position it has ever been. Our Southport Facility is reaching record revenue milestones – most recently exceeding a \$5 million annualised sales revenue run rate. Our Tetra Health clinic is serving more patients than ever before.

"I am looking forward to being more closely involved in the operation of our core businesses as we enter the next phase of our operation – expanding and building upon the many achievements over the past 18 months."

As required by ASX Listing Rule 3.16.4, the Company advises that as Executive Chairman, Mr Steven Xu will be paid \$160,000 per annum and as Executive Director, Mr Patrick Xu will be paid \$130,000 per annum. The terms of their engagement will otherwise be on terms customary for agreements of their nature. There will be no changes to the remuneration level of other Directors, nor to the Chief Operating Officer.

ENDS

ASX release authorised by the EPN Board of Directors.

For further information, please contact:



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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 Southport Facility) and the Tetra Health clinic group. EPN has a strategic partnership with The Valens Company (NASDAQ: VLNS), a leading cannabis consumer products company with significant expertise in manufacturing cannabinoid based products, for operation and management of its Southport Facility.