



ECS successfully completes \$4.0 million capital raising

ECS Botanics Holdings Ltd (ASX: ECS or Company) is pleased to announce it has received firm commitments to raise \$4,000,000 through the placement of ~88.8 million shares at an issue price of 4.5c per share (**Placement**) to sophisticated and professional investors.

The issue price of 4.5c per share represents a 25% discount to the Company's last closing price of 6.0c (8 December 2020), a 0.01% premium to the Company's five-day VWAP (volume weighted average price) of 4.44c and an 8.7% premium to the Company's 15-day VWAP of 4.14c.

The Placement will be completed in a single tranche under the Company's existing listing rule 7.1 and 7.1A placement capacity. The Placement shares will rank equally with existing ECS ordinary shares quoted on the ASX. The issue of the Placement shares is expected to occur on or around Monday 21 December 2020.

The Placement was cornerstoned by existing shareholders, while the Company was able to use the capital raising to welcome new institutional investors to the register.

The capital raising strengthens ECS's balance sheet and gives it a clear path to production at its medicinal cannabis facility in Tasmania. Construction of the facility is at an advanced stage, with the funds raised to allow ECS to move further up the value curve with its medicinal cannabis production. This will include purchase of the necessary equipment to extract cannabis resin at the facility, as well as ancillary items and processing equipment such as dryers. This equipment also allows ECS to handle high forecast volumes of plant material.

The Company is also focused on investment in people, with a focus on growth and revenue generating activities. ECS plans to direct more capital towards product development, sales, distribution and marketing – in particular the opportunity to sell product into Asia.

ECS has commenced the search for a key executive to lead the significant opportunity for hemp wellness and hemp CBD products. Alongside ECS most recent hire of Damian Wood, the Company has also recently appointed a site and cultivation manager for its medicinal cannabis facility.

As previously disclosed to the market ECS has been engaged in discussions regarding offtake from its medicinal cannabis facility and these negotiations are nearing completion.

ECS Botanics Managing Director Alex Keach said:

"ECS is well capitalised to bring its medicinal cannabis project to life, while also being able to invest in lucrative and high growth hemp opportunities. Recent decisions by the UN to reclassify cannabis, as well as the Office of Drug Control's guidance for low-THC hemp, bode extremely well for the ECS business and its potential to grow into a bigger market at a lower cost of production. We expect the industry will continue to deregulate on a global and local level and continue to position ourselves well for the changes we are anticipating. We'd like to thank both new and existing shareholders for their support."

Xcel Capital Pty Ltd and Sanlam Private Wealth have been engaged to act as Joint Lead Managers (JLMs) to the placement. The JLMs will receive capital raising fees of 6% of the placement.

About ECS Botanics

ECS Botanics is a medicinal cannabis and industrial hemp business, cultivating (own and contract growers) and processing hemp for the wholesale market and its own retail food brand. The company's main operations are conducted in Tasmania, Australia. ECS has the necessary licences to cultivate, supply and manufacture industrial hemp in Tasmania as well as a grower licence in Queensland. ECS holds import and export licences with the Office of Drug Control (ODC) as well as having been granted licences for the cultivation and manufacture of medicinal cannabis. ECS owns a farm in Tasmania for commercial cultivation of hemp, research and as the site of its next generation approach to medicinal cannabis, which is currently under construction. ECS owns a strategic stake in TapAgrico for the logistics, drying and storage of hemp seed.

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