



Acquisition of Murray Meds | February 2021

CAPITAL STRUCTURE (POST ACQUISITION OF MURRAY MEDS)



CORPORATE SNAPSHOT

Share on issue	774.88m
Performance Rights	131.25m
Options	20.38m
Market Capitalisation	\$36.4m
Share price (02/02/21)	\$0.047
Revenue FY20	\$919k
Cash	> \$4.2m

- ECS to acquire Victoria-based Murray Meds, a fully licensed and permitted cannabis cultivator with TGA Good Manufacturing Practice (GMP) manufacture licence for dried flower, oils and tinctures
- Positions ECS to be one of Australia's largest vertically integrated medicinal cannabis companies
- Complements existing Tasmanian operations and recent agreements
- Key terms of the acquisition:
 - A\$1m cash upon completion
 - Upon completion ECS will issue 100m fully paid ordinary shares (at \$0.05, subject to shareholder approval)
 - A\$1.5m cash no later than 12 months post completion (subject to property purchase)
- 50% of shares issued under the acquisition escrowed for 12 months, remainder escrowed for 24 months

BOARD OF DIRECTORS – Murray Meds founder to join Board



BOARD OF DIRECTORS



Alexander Keach
Managing Director



David McCredie OBE
Non-Executive Chairman



Jeremy King
Non-Executive Director



Michael Nitsche
Non-Executive Director

PROPOSED DIRECTOR



Nan-Maree Schoerie
Executive Director

Prior to founding Murray Meds, Nan-Maree held the Australian business leader position of large organisations such as GE; ThermoFisher and Ventia. A common thread through all her tenures was her ability to deliver extraordinary bottom and top line growth across different geographies and industries. Nan's passion for delivering customer value and her determination to deliver outcomes resulted in enviable customer retention rates whilst regularly securing large annuity contracts, some valued at over \$200m.

It is this same drive and passion that has resulted in Murray Meds obtaining Office of Drug Control licences in a record 12 months. Remarkably Murray Meds also obtained their GMP manufacturing licence within 9 months of commencing operations. Nan puts this down to getting it right the first time, every time. The fact that just 2 years after purchasing the property, Murray Meds is already harvesting great quality product, with an asset light model and globally competitive operating costs, is further testament to her leadership and execution capabilities.

WHY ECS BOTANICS?

Scale and Diversity

- Largest ASX listed THC and CBD cultivator in Australia
- Food, wellness & medicine
- Geographical spread reduces risk
- In-house capability for a seed to medicine model (under construction)
- Facilities licenced and Victoria facility permitted for 3.5T & TGA GMP licenced for medicinal products manufacture

Bench Strength

- Executive team with track record of delivering fast
- Experienced horticulturists at both facilities
- Team experienced with ODC / TGA / export requirements
- Ongoing access to PharmOut – leading international consultancy
- EU sales leader – recruiting

Financial Strength

- Fixed assets including Property valued at \$6.0m
- No debt
- Low Cost, Asset and Overheads light model
- Disruptive pricing ability (sell at Australian producers cost)
- Low Capex budget for next 12 months

***The first
mover for the
paradigm shift
in medicinal
cannabis***

Timing

- High THC biomass available now (some to be converted into oils)
- Hemp food cultivation and already in major supermarkets
- CBD offtake available from May 2021
- Supply agreements for medicinal cannabis being finalised for local and export
- Tasmanian site – 2021 cultivation & extraction equipment ordered

WHAT MURRAY MEDS BRINGS TO ECS



Speed to market

One of the most advanced companies in Australia for the cultivation of medicinal cannabis. All permits and licenses obtained in record time with 350kg harvested and >2,000kg under cultivation.



Climate advantage

High THC medicinal cannabis likes a hot dry climate with high DLI and low humidity. NW Victoria provides perfect climate for outdoor THC grow.



Low cost

The lowest cost producer in Australia with production costs below 60c/gram. Presents an opportunity to majorly disrupt the import and export markets and stall new entrants.



Room to grow

Water licenses allow for pumping of water from the Murray River, with rights to 520ML/annum and a max forecast demand of <50ML/annum. 170 acre farm with 7 acre medicinal cannabis site.



Strong management

High-quality experienced leader, with proven track record in execution and delivering growth. A lean, highly effective management team.



Manufacturing capability

GMP manufacturing license for labelling and packaging dried flower, oils and tinctures including for clinical trials. Clean room for on-site extraction capability if required.



Near term revenues

Projecting strong CY21 sales revenue
Contracts for local and EU supply of biomass and oils being finalised.



Investor sentiment

Regenerative, organic, sustainable farming practices with solar powered operations.
50% gender diversity at all levels.

MURRAY MEDS IN ACTION



170 acre farm – 7 acres for cannabis cultivation – located on Murray River with water rights to 520ML/pa

COMPLEMENTARY TO ECS MEDICINAL CANNABIS FACILITY – TASMANIA



- Medicinal cannabis facility nearing competition for phase 1 – fit out and installation underway
- Equipment technology transfer & medicinal cannabis offtake term sheet signed with MediPharm Labs
- Additional discussions regarding offtake of medicinal cannabis production
- Regulatory changes continue to provide momentum to the medicinal cannabis and hemp sector
- Australian CBD OTC Market will require large volume of affordable GMP CBD isolate
- UN rescheduling of cannabis to pave way for reduced regulation and expanded global market
- ODC Guidance notes on security requirements for low-THC medicinal cannabis to reduce capex/opex and boost production
- ECS to extract Murray Meds offtake and considering toll processing
- Increased revenue, enhanced speed to market and synergies across staff, licenses and IP



Tasmanian Focus - Hemp Food & Wellness production hub

Large Scale CBD Cultivation, Processing and Extraction

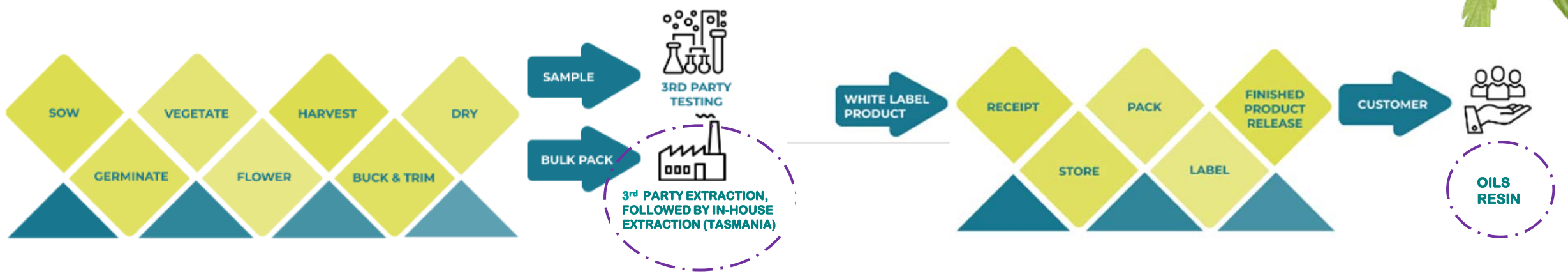


Image for illustrative purposes



MEDICINAL CANNABIS PROCESS FLOW

Current & Near Term Production Process



Medium Term Production Process



Cultivation & Manufacturing Strategy driven by forecast demand and enquiries for large volumes of finished goods and bulk supply of API ie GMP CBD Isolate

MEDICINAL CANNABIS SALES



- Strong qualified sales pipeline leveraging disruptive pricing model targeting markets in Australia, UK and Europe



- Management expectation to finance acquisition through medicinal cannabis generated cash flow





PEER COMPARISON

The landscape in Australia is diverse for cannabis and hemp-related companies. While there is a wide field of participants, few compete directly or have a strategy similar to ECS.


Company	Code/valuation	Comments
Little Green Pharma	ASX:LGP Market cap \$109m	<ul style="list-style-type: none"> FY2020 Revenue \$2.2m and \$9.3m loss First shipment to EU reported recently, steady growth
Althea	ASX:AGH Market cap \$112m	<ul style="list-style-type: none"> FY2020 Revenue \$5m and \$14.7m loss Importing and distributing white label product Good sales progress in Australia, UK and Germany
AusCann	ASX:AC8 Market cap \$54m	<ul style="list-style-type: none"> FY2020 Revenue \$1.7m and \$7m loss no cultivation Some branded products and clinical work
Cann Group	ASX:CAN Market cap \$161m	<ul style="list-style-type: none"> FY2020 Revenue \$1.9m and \$16.9m loss First to license, production at scale likely in 2022 Acquired shares in German distribution partner company
ECS Botanic Holdings	ASX: ECS Market Cap \$36m	<ul style="list-style-type: none"> FY2020 Revenue \$0.9m and loss \$4.6m (includes \$2.2m expense for reverse acquisition) No debt, low capex and operating costs, differentiated strategy Expecting strong CY21 medicinal cannabis revenues. Largest ASX listed THC and CBD cultivator, GACP/GMP capacity



Contact us

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