



ECS raising up to \$6 million to accelerate multi-market entry and growth

- **ECS Botanics to complete a \$4 million share placement and ~\$2 million rights issue at 5 cents per share**
- **Funds to accelerate multi-market penetration, revenues and growth of the company**
- **Murray Meds settlement takes place**
- **ECS expects to execute additional sales agreements and partnerships and expand its Victorian and Tasmanian operations over the next six months.**

Australian medicinal cannabis and hemp company ECS Botanics Holdings Ltd (ASX: ECS or Company) is pleased to announce it has received firm commitments to raise \$4 million through a share placement at 5 cents per share (Placement) to sophisticated and professional investors.

It will also undertake a rights issue to existing shareholders to raise an additional ~\$2 million.

ECS will use funds from the capital raising activities to complete its acquisition of Murray Meds medical cannabis business, which shareholders approved at a General Meeting earlier this month, purchase plant and equipment to further upgrade the value of the company's cannabis material, for additional working capital and to accelerate its multi-market penetration, revenues and growth.

Managing Director Alex Keach said: *"Having received shareholder approval for our acquisition of Murray Meds, we are excited to complete this transaction which positions ECS as the largest, lowest cost and most geographically diverse cannabis producer in Australia. Murray Meds has executed several important supply agreements in recent weeks for medical cannabis dried flower, concentrate and final dose oils in Australia as well as Europe with several more expected soon."*

"Funds raised will provide us with additional working capital during our busiest ever period as we pursue overseas market opportunities to accelerate revenue growth. Unlike the majority of Australian companies, we are supplying customers using 100% Australian grown and manufactured ECS cannabis, not imported cannabis."

Mr Keach said ECS had a detailed plan of activities to execute over the next six months including additional cannabis sales agreements and partnerships, expanding manufacturing capacity at its GMP facility in north-west Victoria, permitting and CBD planting at its Tasmanian facility, new product and market penetration and boosting its European and local sales capacity through key personnel hires.

ECS completed the final exchange of contracts and a payment to Murray Meds on 11 & 12 March 2021, thereby officially completing the acquisition and bringing Murray Meds into the ECS Botanics business.

As part of the acquisition, Murray Meds founder Nan-Maree Schoerie joins the board of ECS Botanics as an Executive Director. Nan has held Australian business leader positions of large organisations such as GE, ThermoFisher and Ventia, having shown an 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.

The Placement will be completed in a single tranche under the Company's existing listing rule 7.1 placement capacity.

The issue price of 5c per share represents a 17% discount to the Company's last closing price of 6c (11 March 2021) and a 19% discount to the Company's five-day VWAP (volume weighted average price) of 6.2c.

Placement shares are expected to commence trading on 24 March 2021.

The rights issue will be conducted at the same price as the Placement, with existing shareholders offered 1 new share for every 17 shares held. ECS expects to announce details of the rights issue and timetable this week.

Xcel Capital and Sanlam Private Wealth were Joint Lead Managers ("JLM's") to the Placement and will receive a 6% fee of all monies raised under the Placement and rights issue.

About ECS Botanics

ECS Botanics is a vertically integrated medicinal cannabis and industrial hemp business. The company owns farms and medicinal cannabis facilities in Tasmania and Victoria for the cultivation, processing, and manufacturing of medicinal cannabis. ECS manufacturers to EU GMP standards and also has the necessary licenses to cultivate and manufacture medicinal cannabis for the wholesale extract, final dose and premium dry flower market. ECS cultivates hemp for the wholesale market and its retail food and wellness brand, while having obtained all the necessary licenses to grow, supply and manufacture. ECS's core focus is scale and low cost production, without compromising quality.

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