

ASX ANNOUNCEMENT

ECS Botanics Holdings Ltd (ASX:ECS)

8 March 2022



ECS on track to deliver another consecutive quarter of revenue growth

- ECS on track to deliver \$2m in revenue for the current quarter
- Revenue growth would highlight a ~39% increase on the previous quarter (Q2 FY2022: \$1,434,000) and a 440% rise on the prior corresponding period (Q2 FY2021: \$371,000)
- Experienced cannabis sector professional Mr Jason Overfors appointed as new Post-Harvest Production Manager. Mr Overfors has extensive industry experience most recently in a similar role with one of world's largest cannabis companies, Hexo Corp
- Registrations of cannabis oil products for German market and the supply of Armour Group continuing following delays brought on by COVID-19 restrictions
- New marketing collateral launched to drive local and international customer awareness. New video campaign can be accessed via the following link: <https://www.ecs-botanics.com/our-story/>

ECS Botanics Holdings Ltd (ASX: ECS) ("ECS" or the "Company"), a leading medicinal cannabis and hemp business, is pleased to advise that it is on track to generate approximately \$2m in revenue during the current quarter, driven by sales of the Company's high quality dried flower and oil products. Additional near-term growth is expected to be underpinned by recent appointments to assist in ECS' post production process and the implementation of the Company's broader marketing strategy to target local and international customers.

Ongoing revenue growth

The expected revenue increase during the current quarter will highlight a ~39% increase on the previous quarter (Q2 FY2022: \$1,434,000) and a 440% rise on the prior corresponding period (Q2 FY2021: \$371,000). It would also mark another consecutive quarter of growth for the Company.

ECS is well placed to achieve a continued increase in revenue, given the ongoing demand that the Company is witnessing from local and international customers for its high-quality dried flower and cannabis oil products.

Medicinal cannabis revenue growth continues to outpace hemp food and wellness revenue growth, with medicinal cannabis revenues becoming a much greater share of sales, the Company expects this trend to continue. During the same period last year, ECS generated 100% of its revenue from hemp food and wellness sales, while we expect current quarter hemp revenue to be approximately 20% of group revenue. This is reflective of the Company's strategy and transition to a medicinal cannabis dominant business, which provides greater margins and long-term value for shareholders.

During the quarter, ECS successfully completed a second export shipment to Lyphe Group in the United Kingdom. Registration of cannabis oil products for the German market also continues, with the supply of these oil products to Armour Group facing delays due to COVID-19 impacting the required audit of the Victorian facility.

Appointment of Jason Overfors as Post-Harvest Production Manager

To assist in optimising scale, quality, and cost management, ECS has appointed Jason Overfors as Post-Harvest Production Manager at its Victorian Facilities. Mr Overfors has extensive expertise in the



cannabis industry, having previously undertaken the role as Harvest Manager with one of Canada's largest cannabis companies, Hexo Corp (NASDAQ: HEXO, TSX: HEXO).

During his time with Hexo Corp, Mr Overfors was responsible for leading a team of over 100 employees and managed all aspects of the groups harvest progression, including field harvest, bucking, trimming, and processing of cannabis flower. His role assisted Hexo Corp in considerably lowering its cost per gram during cultivation through several innovative measures.

In his new role with ECS, he will assist with increasing production at scale, and ensuring the Company's high-quality standards are maintained. Mr Overfors will also support ECS' ongoing cost management initiatives, implementation of efficient automated technology and sustainable farming protocols.

The appointment of Mr Overfors is well timed with additional drying room capacity to be completed this month ahead of a large outdoor harvest.

Additional marketing initiatives to drive growth

To target new local and international customers, ECS has recently completed filming of a number of new marketing videos which further highlight the Company's established operations, manufacturing practices, product benefits and management team. Shareholders are invited to view the videos, which are accessible via the following link: <https://www.ecs-botanics.com/our-story/>

ECS will distribute the videos to existing customers, as well as potential new business leads to build its sales pipeline. In addition the web site is being refreshed and will be updated this quarter. The Company continues to witness a strong demand from local and international customers for its products and expects a number of purchase orders to materialise over the coming months.

Management commentary

Managing Director, Alex Keach said: *"Our seed to GMP product business model for the B2B market continues to resonate with a range of customers, and this has allowed the Company to unlock a number of value accretive opportunities to underpin revenue growth. The sector is going through a shakeout and period of consolidation of which ECS is benefiting with onboarding of new customers."*

"As sales continue to increase, we remain focused on cost management, product quality, harvest and production optimisation. To assist this, it is my pleasure to welcome Jason Overfors to the team. Jason has an extensive skillset, which we look forward to leveraging for our current harvest post harvest production. His knowledge of the cannabis sector will be instrumental in our growth trajectory."

"I invite shareholders to view our new marketing collateral, which we plan to leverage in the coming weeks to drive further value and capitalise on several near-term opportunities."

-ENDS-



About ECS Botanic Holdings Ltd

ECS Botanic Holdings Ltd is a leading medicinal cannabis and hemp business. The Company owns farms and medicinal cannabis facilities in Tasmania and Victoria for the cultivation, processing, and manufacturing of medicinal cannabis. ECS manufactures to EU GMP standards and also has the necessary licences and partnerships to cultivate and manufacture a range medicinal cannabis oil and dry flower products. ECS has a hemp food and wellness business, supplying both the wholesale and retail market across Australia. ECS' core focus is scale and low-cost production, without compromising quality.

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