

ASX ANNOUNCEMENT

ECS Botanics Holdings Ltd (ASX:ECS)

22 July 2022



Non-dilutive funding and asset sale update

- \$2m funding secured from National Australia Bank
- Sale of ECS hemp food business
- High level of buyer interest for Tasmanian medicinal cannabis assets

ECS Botanics Holdings Ltd (ASX: ECS) (“ECS” or the “Company”), a leading medicinal cannabis company, is pleased to update the market on the implementation of its new strategic initiatives.

As announced to the market on 14th June 2022 the Company set out its strategy to invest for growth using non-dilutive funding and focussing on the Victorian medicinal cannabis operation which offers the highest growth trajectory and profitability.

The Company is pleased to report that ECS has entered into a secured \$2m commercial loan facility from the National Australia Bank (NAB) which provides funding flexibility to the business on competitive terms. Furthermore, ECS advises that it has agreed to sell its hemp food and wellness business for \$250,000 (plus inventory on hand) to Ananda Food, a subsidiary of Ecofibre Limited. Contract completion is expected in early August once final due-diligence is complete.

The sale of ECS’ Tasmanian medicinal cannabis facility and the farm has commenced through agents CBRE, with a high level of interest received. In addition, ECS has implemented cost-saving measures across the group. Non-dilutive funds received through debt financing, asset sales and cost savings are primarily being invested into expanding medicinal cannabis production and will therefore ultimately directly impact future revenue.

Managing Director of ECS, Nan-Maree Schoerie said: *“In order to meet the demand for our products and grow our business we need to keep building capacity. Over the last 12 months, we have invested in four additional GMP drying rooms, constructed a new propagation room and warehouse, and added 2100m² of protective cropping enclosures. These assets have been commissioned and are all in operation. I firmly believe in the ECS strategy of investing in new capacity to meet secured demand. The Company is about to commence the stage 3 expansion which will look to double the secure cultivation area and the installation of more protective cropping capacity leveraging the available funds. Deploying the most appropriate funding maximises value and returns for our shareholders.”*

-ENDS-

About ECS Botanics Holdings Ltd

ECS Botanics Holdings Ltd is an Australian medicinal cannabis cultivator and manufacturer located in Northwest Victoria. ECS utilises progressive and innovative cultivation methodologies to produce quality medicine in a sustainable way, adopting regenerative and organic horticultural practices and renewable energy sources. Licenced by the Therapeutic Drug Administration to manufacture PIC/S GMP certified products, ECS has become a leading provider of high quality, affordable medicinal cannabis.

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Authorised on behalf of ECS by Nan-Maree Schoerie, Managing Director