



ECS Botanics to acquire advanced medicinal cannabis cultivator Murray Meds

- 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
- Acquisition positions ECS to be one of Australia's largest vertically integrated medicinal cannabis companies, with cultivation and revenues to be fast tracked
- Acquisition complements existing Tasmanian operations and recent agreements
- Experienced industry figure Nan-Maree Schoerie to join Board of ECS

ECS Botanics Holdings Ltd (ASX: ECS or Company) is pleased to announce it has signed a binding Term Sheet ("Term Sheet") with Flowerday Holdings Pty Ltd ("Flowerday Holdings") whereby ECS shall acquire:

- 100% of the issued capital in Murray Meds Pty Ltd ("Murray Meds" or "MM"); and
- 100% of the issued share capital in Flowerday Farms Pty Ltd ("FDF").

As part of the transaction, ECS has also agreed to purchase the Flowerday Land Property ("FDL") (and associated FDL Water Rights) ("FDL Property Purchase"). Key terms of the transaction are set out in Annexure-A below.

Murray Meds has a fully licensed medicinal cannabis cultivation and manufacturing facility located on the Murray River in North Western Victoria. The facility holds a Cultivation, Research and Manufacturing Licence from the Australian Office of Drug Control as well as permits to cultivate and produce 3,500 kilograms of medicinal cannabis. Murray Meds also holds a TGA Good Manufacturing Practice manufacture licence for dried flower, oils and tinctures.

In this growing season, Murray Meds has already successfully harvested and packed 350kg of medicinal cannabis dried flower, positioning it as one of the largest producers of medicinal cannabis in Australia today. The major full season harvest is scheduled to commence in April and continue through to late May.

ECS Managing Director, Alex Keach commented:

"I am delighted with this transaction and the opportunity and value it presents for ECS and its key stakeholders. MM & ECS share a view on industry methods and a vision for the future. As a combined group we are positioning to become the largest and most geographically diversified cannabis producer in Australia. Murray Meds has harvested its maiden THC crop and currently has another crop growing. This deal allows ECS to deliver earlier and more substantial revenue, while adding value to cannabis as communicated in our December announcement to purchase equipment for the extraction of cannabis resin. The deal sets us up nicely to become a globally recognised large scale, low-cost cultivator and manufacturer of medicinal cannabis. On completion of the transaction we look forward to welcoming

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Murray Meds founder and Managing Director Nan-Maree Schoerie to the board and executive team, and we expect her diverse skill set and work ethic will benefit the group greatly.”

Murray Meds Managing Director Nan-Maree Schoerie commented:

“The opportunities that this deal creates for Murray Meds, its customers and employees is tremendously exciting. Both organisations are very grounded in their approach to delivering affordable medicinal cannabis as naturally and sustainably as we can, with shared values and an inherent drive to deliver for patients and shareholders.”



Images of the Murray Meds Medicinal Cannabis Facility

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Images of the Murray Meds Medicinal Cannabis Facility

Annexure A – Key Terms

The key material terms of the Term Sheet are as follows:

- (a) In consideration for the acquisition of 100% of the issued capital in MM and FDF and the FDL Property Purchase, ECS will:
 - (i) at Completion, pay AUD\$1 million;
 - (ii) at Completion, issue 100 million fully paid ordinary shares (at a deemed issue price of \$0.05 per share) which will be issued subject to ECS obtaining shareholder approval pursuant to Listing Rule 7.1; and
 - (iii) no later than 12 months from Completion, pay AUD\$1.5 million (subject to completion of the FDL Property Purchase within this period).
- (b) The Consideration Shares will be escrowed from Completion on the following basis: 50% for 12 months and 50% for 24 months.
- (c) The material conditions precedent to Completion of the acquisitions in the Term Sheet are:
 - (i) ECS being satisfied with the outcome of its due diligence investigations;
 - (ii) MM and FDF having liabilities at Completion of less than \$100k;
 - (iii) ECS obtaining all necessary shareholder and regulatory approvals; and
 - (iv) ECS and the Vendors obtaining all necessary third party consents.
- (d) At Completion, Nan-Maree Schoerie (unrelated party) will be appointed to the ECS Board as an Executive Director.
- (e) The Term Sheet otherwise contains such terms, warranties and obligations that are customary for an agreement of this nature.

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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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Authorised on behalf of ECS by Alex Keach, Managing Director

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