

ECS signs supply agreement with Releaf Dispensaries

- **ECS subsidiary Murray Meds (MM) signs agreement to supply Releaf Dispensaries with jars of dried cannabis flower product**
- **Agreement will generate approximately \$590,000 revenue for ECS over its 18-month term**
- **It is the fourth medicinal cannabis supply agreement signed in CY2021**
- **Strong demand and shortage reported for premium dried cannabis flower in Australia**

ECS Botanics Holdings Ltd (ASX: ECS or Company) is pleased to announce its subsidiary Murray Meds has signed an agreement with Melbourne-based Releaf Dispensaries Pty Ltd, a wholly owned subsidiary of Releaf Group Ltd, to supply the company with dried cannabis flower products.

Under the agreement ECS will supply Releaf Dispensaries with jars of its premium trimmed and dried cannabis flower. The agreement is an extension of ECS's existing relationship with Releaf, with ECS food and wellness products already stocked in Releaf's St Kilda dispensary.

The agreement will generate approximately \$590,000 revenue for ECS over its 18-month term, with the potential to renew the agreement for a further period of time should it be agreed by both parties.

Both parties may terminate the agreement upon 10 days prior notice if either party breaches any provision of the agreement or is unable to establish or maintain industry quality standards, and fails to rectify within 30 days. ECS may also terminate the agreement if Releaf fails to make any payment when due and has not remedied such non-payment within ten (10) business days following receipt of written notice. ECS can also immediately terminate the agreement upon written notice of an insolvency event.

According to Cannabiz (4 March 2021) a flower shortage has hit Australia, with one product company noting that flower as a percentage of medicinal cannabis product demand has risen from 3% in Q1 2020 to 24% by the end of 2020.

As communicated to the market on 15 March 2021, ECS has 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.

Founded in 2018, Releaf Clinics is Australia's first dedicated clinic & dispensary franchise group formed to simplify the consultation process and access to medicine for patients in need of a fully integrated health care service, incorporating integrative medicine clinics, pharmacies and retail. Releaf Clinics are multidisciplinary clinics which offer a range of services including orthodox medical services, medicinal cannabis prescribing, allied health services, pharmacy and retail dispensaries.

ECS Botanics Managing Director Alex Keach commented: *"THC flower is in high demand and we are*

pleased to be partnering with Australia's leading medicinal cannabis clinics and dispensary groups. The accelerating rollout of Releaf's medicinal cannabis clinics and dispensaries across Australia is also making access easier for patients and driving demand, Releaf has an aggressive rollout franchise strategy and we look forward to supporting their growth. We are also pleased to see a shift from Canadian imported material to our Australian grown product."

Releaf Group CEO Gary Mackenzie commented: *"Today's agreement with ECS marks another exciting milestone for Releaf as the group of companies expands its franchise operations in Australia, New Zealand and the United Kingdom to supply affordable high quality Australian flowers back into dispensaries. The partnership with ECS provides patients in need of access to a sustained supply of GMP-certified, high-quality medical cannabis and is an important step in improving patient access of local Australian products."*

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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