

ECS submits plans for major expansion in Tasmania

- **ECS has submitted plans to the Office of Drug and signed leases with farmers to expand cultivation at its Tasmanian operation by 100 times its current area**
- **Expansion lays foundation to become a global leader in regulated medicinal cannabis production and distribution of active pharmaceutical ingredients (API's)**
- **ECS establishing a large scale, low-cost cultivation and processing model - similar to the world leading Tasmanian opium sector**

ECS Botanics Holdings Ltd (ASX: ECS or Company) is pleased to announce that it has lodged plans with the Office of Drug Control (ODC) to expand its cultivation area from 2,500 square metres (sqm) to 320,000 sqm and consolidate its industry leading business model in Tasmania. The planned expansion is a first of its kind in Australia and will continue to expand ECS's footprint as the ASX's largest and lowest cost producer.

The expansion will focus on areas outside the existing secure medicinal cannabis facility compound in Tasmania, which includes the remainder of the existing property (~35,000 sqm) plus additional leased irrigated properties nearby (~285,000 sqm).

ECS anticipates future production from these sites will include the fulfilment of biomass, oil and isolate markets. The focus will be non-psychoactive cannabinoids, particularly CBD, with the opportunity to supply terpenes and other non-psychoactive cannabinoids.

The global marketplace for active pharmaceutical ingredients (API's) is such that 99%+ CBD isolate (for medicinal schemes and food & beverage) is growing significantly, with the schedule 3 market (OTC pharmacy) in Australia expected to require large volumes of CBD isolate. ECS is positioned to become a leading supplier in the market for isolates, with very limited competition at this stage.

Tasmania is a world leader in cultivating and manufacturing plant-based pharmaceuticals at scale. Most notably Tasmania is famous for its production of poppies, accounting for approximately 50% of the world's narcotic raw material for pain medication such as morphine and codeine. ECS is applying this way of thinking and a similar model to the cannabis industry, a first in Australia. This agricultural model will allow ECS to significantly reduce the price per gram, with the company currently cultivating as low as 60c per gram, and an aim to bring this down to as low as 20c per gram.

Under this plan ECS's existing farmer network can apply their years of skill growing hemp food to growing large scale medicinal cannabis CBD.

ECS's mission is to make this project and Tasmania the global epicenter of high quality, low-cost cannabis production, with plans to supply its API's to the medicinal market and the EU novel food market. According to Data Bridge Market Research 2021, the Europe CBD oil market is forecast to grow at 36.7% CAGR between 2021-2028 due to increased usage in pharma, nutraceutical, food and

beverages.

The plans submitted to the ODC outline extensive intellectual property ECS has developed to handle this quantum of cannabis material, with the previous design and build in Tasmania already factoring in a major expansion.

ECS Botanics Managing Director Alex Keach commented: *“Our ability to produce a high-quality product at scale, at low-cost, then value add material through GMP manufacturing, makes us highly attractive and a preferred supplier in the marketplace.”*

“This expansion plan is big thinking and a first in Australia, it will enable multiplication of revenues while becoming a world class cultivator and manufacturer. This part of the strategy enables ECS to grow into the ever-increasing demand for cannabis extracts and API’s. We have immense confidence in this next step of agriculturalising and industrialising cannabis following the success of our commercial size trial crop in Tasmania.”



Figure 1: ECS's Tasmanian farm which includes a commercial size trial crop and a large, secure, licensed cannabis facility to process large scale agricultural production

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 manufactures 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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