



ASX RELEASE (26 MAY 2021)

Over \$1m R&D Tax Incentive Received

Epsilon Healthcare Limited (ASX:EPN) (**Epsilon** or the **Company**) is pleased to announce that the Company has received a total of \$1.02 million in R&D Tax Incentives for the 2019/20 Financial Year from the Australian Taxation Office.

Chief Executive Officer of Epsilon, Jarrod White, commented:

"We're pleased to confirm our receipt of \$1.02 million in R&D Tax Incentives from the Australian Taxation Office.

"The receipt of these funds, combined with the run rate improvements already implemented, ensures that the Company is well funded to continue pursuing corporate and strategic initiatives under consideration. The primary focus of these initiatives is revenue generating activities including the onboarding of local and international partners seeking access to the Company's production capacity at the Southport Facility."

The R&D Tax Incentive offers eligible entities a refundable tax offset of up to 43.5% of eligible R&D activities. Both of the Company's Australian cannabis producing subsidiaries – THC Pharma and Canndeo – are eligible entities, this being the first year that THC Pharma has been an eligible entity.

The R&D activities during the year related to R&D activities around new cannabinoid extraction processes for development of oral medicinal cannabis oils, and research activities around the Company's cannabis agronomy activities.

Pursuant to an agreement with Mitchell Asset Management, the lender of the \$4m secured debt facility, the Company will be applying approximately \$480k of the funds received to repayment of the principal amount, reducing total debt to ~\$3.5m.

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ASX release authorised by the EPN Board of Directors.

Epsilon Healthcare Limited (ASX: EPN) – epsilonhelthcare.com.au

Epsilon Healthcare (ASX:EPN) is a diversified global healthcare and pharmaceuticals company. EPN owns a number of medicinal cannabis assets including the largest cannabis manufacturing facility in the Southern Hemisphere, the Tetra Health clinic group, and the Medimar Platform – an end-to-end ecommerce solution for nutraceuticals and cannabis. EPN additionally operates a turn-key cannabis cultivation solutions provider based in Vancouver, Canada.

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