



ASX RELEASE (20 SEPTEMBER 2021)

First Order Under Strategic Partnership with The Valens Company

Key Points:

- First orders totalling \$540,000 received through The Valens Company and Cannvalate for GMP manufacturing at Epsilon's Southport Facility with initial delivery and receipt of payment to be this month
- Further orders through Valens and Cannvalate of similar or greater values expected to be received on an ongoing basis, reflecting the global shift to GMP production standards

Epsilon Healthcare Limited (ASX:EPN) (Epsilon or the Company) is pleased to announce the first orders under its exclusive strategic partnership with The Valens Company (TSX:VLNS) (Valens) have been received, totalling A\$540,000.

The orders are for white-labelled cannabis products in various formulations, produced at Epsilon's Southport Facility, to be sold in Australia and New Zealand. Epsilon expects to complete delivery of the first two pallets of these products within the coming week, with further deliveries expected to be completed early calendar 2022, primarily for the New Zealand market. Epsilon expects to receive payment for approximately 65% of the total order value this month, with the remainder of the payments being received at the time of final product delivery.

Jeff Fallows, President of The Valens Company, said:

"The order represents Valens taking advantage of Epsilon's large scale GMP manufacturing capability, with the capacity and means to provide further accelerated access to Europe through their TGA and EU GMP capabilities. Through Cannvalate's significant local market presence and leading distribution platform, and with Epsilon's manufacturing capability, Valens is well placed with strategic access to a market we see through recent trends being poised for dramatic growth."

Epsilon and Valens expect to see further orders of a similar or greater value to continue to be received on an ongoing basis pursuant to this partnership, particularly for export market supply, noting the global shift towards GMP and EU GMP production standards that Epsilon's Southport Facility is capable of meeting.

Exclusive Strategic Partnership with The Valens Company

As announced on 9 September 2021, the partnership with Valens and Epsilon provides Valens with preferential access to the Company's Southport Facility in return for Valens covering all capital and operating expenditure of the Southport Facility for the next five years.

Under the terms of the partnership, Valens and Cannvalate will source and deliver to Epsilon contract manufacturing opportunities for Epsilon to undertake at its Southport Facility. Epsilon receives the full value of all sales revenue passed through the Southport Facility. These orders are the first to be referred to Epsilon under this partnership.

Although Valens are yet to commence funding the Southport Facility under the partnership noting the definitive agreements are to be executed (refer to ASX Release: 9 September 2021), Epsilon has commenced accepting production orders from Valens and Cannvalate in advance of the anticipated 30 November 2021 definitive agreement execution date to increase the production throughput of the Southport Facility and accelerate revenue generation from large scale production activities.

Jarrold White, Chief Executive Officer of Epsilon, said:

"This is a significant milestone for the partnership between Epsilon and The Valens Company, as it represents both Valens first sale of GMP product in the Australian and New Zealand markets, and Epsilon's first manufacturing order under this new exclusive partnership. Pleasingly, the receipt of our maiden order has been achieved within a week of announcing our partnership.

"Epsilon, Valens, and Cannvalate are looking forward to the receipt of more orders to come as we continue to expand our partnership and explore new markets together".

ENDS

ASX release authorised by the EPN Board of Directors.

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