

ECS Botanics Holdings Ltd (ASX:ECS)



ASX Announcement

22 February 2024

ECS Botanics completes \$4.0 million Placement to expand production and meet customer demand

Highlights:

- ECS has received binding commitments for \$4.0 million via a Placement at \$0.0220 per share, strongly supported by institutional and sophisticated investors.
- ECS is now funded to significantly increase production, expand white label B2B presence and introduce own brand B2C products, meeting increasing customer demand.

ECS Botanics Holdings Ltd (ASX: ECS) ("ECS" or the "Company"), a leading organic medicinal cannabis company, has received binding commitments for \$4.0 million via a placement (Placement) of 181.8 million new fully paid ordinary shares (New Shares) to new and existing sophisticated investors at an issue price of A\$0.0220 (Placement Price) per New Share.

The offer price of the Placement of \$0.0220 per New Share ("**Offer Price**") represents a:

- 12.0% discount to the last close price of \$0.0250 per share as at 19 February 2024; and
- 10.3% discount to the 5-day VWAP¹ of \$0.0245 per share as at 19 February 2024.

The funds raised from the Placement as well as existing cash and debt facilities, will be used to procure and construct up to 9 new Protective Cropping Enclosures (PCE) adding heating and lighting, sales and marketing, vertical integration of manufacturing, working capital and costs associated with the Placement.

Commenting on the successful Placement, ECS Botanics Managing Director Nan-Maree Schoerie said:

"We are extremely pleased with the strong level of support from both new and existing investors, at a pivotal moment for ECS Botanics. This funding not only validates our proven and profitable model in a rapidly expanding market, but positions ECS strongly for future growth."

"The funds will accelerate key initiatives, including adding up to nine new Protective Cropping Enclosures for increased premium dried flower production, upgrading our infrastructure with a 2MVA electricity boost and a new warehouse, and expand our market presence through the launch of our own brand."

¹ Volume weighted average price



"We will continue to develop ECS' vertical integration capability and expand downstream through the B2C channel via our own Avani brand and exclusive VESIsorb technology. Achieving export regulatory compliance has opened new European markets, and with our low-cost model and increased production capacity, we are well placed to further solidify our position as a leader in the cannabis industry globally."

Details of Placement

ECS has successfully completed a Placement to sophisticated investors, raising A\$4.0 million (before costs). The Placement comprises the issue of 181.8 million fully paid ordinary shares in ECS at an offer price of A\$0.0220 per New Share, which represents a discount of:

- 12.0% to the Company's last closing price of A\$0.0250 on 19 February 2024; and
- 10.3% to the 5-day volume weighted average price of A\$0.0245 on 19 February 2024.
- 13.6% to the 15-day volume weighted average price of A\$0.0255 on 19 February 2024.

The New Shares will be issued under the Placement pursuant to ECS's existing placement capacity under ASX Listing Rule 7.1 (71,145,834 New Shares) and Listing Rule 7.1A (110,673,066 New Shares) and, as such, shareholder approval will not be required for the Placement.

New shares issued under the Placement will rank equally with the Company's existing ordinary shares on issue. New Shares are expected to settle on Tuesday, 27 February 2024, and be issued and commence trading on ASX on Thursday, 29 February 2024.

Bell Potter Securities Limited acted as sole lead manager to the Placement. Bell Potter will be issued 20,000,000 unquoted options (exercisable at \$0.033, expiring 2 years from the date of issue). The unquoted options will be issued under ECS' existing placement capacity under ASX Listing Rule 7.1.

Further details of the Placement are contained in the capital raising presentation which will be released to the ASX in connection with this announcement.

Authorised on behalf of ECS BotaniCS Holding Ltd by Nan-Maree Schoerie, Managing Director.

-ENDS-

About ECS BotaniCS Holdings Ltd

ECS BotaniCS Holdings Ltd is an Australian medicinal cannabis cultivator and manufacturer located in Northwest Victoria. ECS utilises progressive and innovative cultivation methodologies to produce quality medicine in a sustainable way, adopting regenerative and organic horticultural practices and renewable energy sources. Licenced by the Australian Therapeutic Goods Administration to manufacture GMP (equivalent to PIC/S, EU agencies are all PIC/S members) certified products, ECS has become a leading provider of high-quality, affordable medicinal cannabis.

For further information, please contact: info@ecs-botanics.com