

ASX ANNOUNCEMENT

ECS Botanics Holdings Ltd (ASX:ECS)

8 September 2021



ECS secures supply agreement with Australian cannabis company Canngea

- One year rolling agreement signed for supply of medicinal cannabis products
- Agreement secured with Australian cannabis company, Canngea and will generate a minimum of \$410,000 per annum for ECS
- Agreement marks strong demand for Australian premium dry flower and medicinal cannabis oils

ECS Botanics Holdings Ltd (ASX: ECS) ("ECS" or the "Company") is pleased to advise that it has secured a one year, rolling supply agreement with Australian cannabis company, Canngea Pty Ltd ("Canngea"). The agreement will generate a minimum of \$410,000 in revenue and adds to the Company's growing revenue profile.

Established in 2017, Canngea is an Australian cannabis company focused on distributing a range of solutions to the international and domestic market.

Under the agreement and via ECS' existing Murray Meds licence, the Company will supply Canngea with a minimum of \$410,000 in GMP manufactured medicinal cannabis products per year, including dry flower and oils. ECS expects first dispatch of product to occur in October this year.

Both parties may terminate the agreement upon any material breach of this agreement that cannot be remedied within 20 business days of notice of that breach being given or upon insolvency or liquidation of either party. The agreement will automatically renew for a period of one year, unless a party gives not less than 60 days notice.

Managing Director, Alex Keach said: *"We are pleased Canngea sees value in our product offering and we look forward to building on the current relationship. The deal is further validation of the growing market in Australia and ECS' B2B business model. We will continue to update the market with material contracts."*



Canngea Managing Director, Ryan Ballantyne said: *"We are thrilled to be working with ECS Botanics. This agreement is key to enhancing local supply capabilities for our clients in Australia and internationally. Collaborations like this strengthen the ability of the Australian medicinal cannabis industry to service growing demand for safe, high-quality, and affordable products. We were drawn to this opportunity particularly because ECS shares our values and vision around sustainability throughout the supply-chain, which is something we are passionate about."*

ECS' significant production capacity, pricing and B2B model is enabling Australian cannabis companies to switch to ECS' local supply rather than relying on overseas imports, allowing ECS to grow through capturing existing market share as well as organic growth in patients numbers. Patient numbers are continuing to grow as red tape is reduced, increased awareness and GP education and opening of more cannabis clinics.

As previously advised, ECS continues to build a strong sales pipeline and as a result, it will aim to significantly increase the scale of cannabis production this coming season. Further additional contracts are in final stages and ECS will update the market accordingly as these materialise.

-ENDS-

About ECS Botanics Holdings Ltd

ECS Botanics Holdings Ltd 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 licences 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 licences to grow, supply and manufacture. ECS' core focus is scale and low-cost production, without compromising quality.

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Authorised on behalf of ECS by Alex Keach, Managing Director