

ECS Botanics Holdings Limited

(ACN 009 805 298)

Prospectus

For an offer of up to 10,000 Listed Options to remove trading restrictions on the sale of all Listed Options issued by the Company prior to the Closing Date (**Offer**).

The Offer is not underwritten.
The Offer closes at 5.00pm (WST) on 11 January 2022.

Important Notice

This is an important document and should be read in its entirety.
This Prospectus is a transaction-specific prospectus issued in accordance with section 713 of the Corporations Act. If you have any queries about any part of the Prospectus, please contact your professional adviser without delay. The Listed Options offered by this Prospectus should be considered speculative.

This Prospectus has been prepared primarily for the purposes of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Listed Options to be issued by the Company prior to the Closing Date.

Corporate Directory

Directors

Alexander Keach (Managing Director)
David McCredie (Non-Executive Chairman)
Jeremy King (Non-Executive Director)
Michael Nitsche (Non-Executive Director)
Nan-Maree Schoerie (Executive Director)

Company Secretary

Mauro Piccini

Registered Office

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Sydney NSW 2000

Telephone: 1300 169 775
Email: hello@ecsbotanics.com.au
Website: <https://www.ecs-botanics.com/>

ASX Code

ECS

Share Registry*

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth, WA 6000

Telephone: 1300 787 272

Solicitors

Nova Legal
Level 2, 50 Kings Park Road
West Perth WA 6005

Auditor*

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

** These parties are included for information purposes only. They have not been involved in the preparation of this Prospectus.*

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IMPORTANT INFORMATION

GENERAL

This Prospectus is dated 6 January 2022 and was lodged with ASIC on that date. Neither ASIC nor ASX, nor any of their officers, take any responsibility for the contents of this Prospectus.

This Prospectus expires 13 months from the date it was lodged with ASIC. No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. An application will be made to ASX within 7 days after the date of this Prospectus for the quotation of the Listed Options the subject of this Prospectus.

In preparing this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and their professional advisers. This Prospectus is issued pursuant to section 713 of the Corporations Act. Section 713 allows the issue of a more concise prospectus in relation to an offer of continuously quoted securities or options to acquire continuously quoted securities. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all information that would be included in a prospectus for an initial public offering.

This document is important and it should be read in its entirety. The Listed Options to be issued pursuant to this Prospectus should be viewed as a speculative investment and investors should refer to the Section 2 for details of certain risk factors which are considered to be relevant for the purposes of the Offer. Investors should consult their stockbroker, solicitor, accountant or other professional adviser if necessary.

No person is authorised to give any information or to make any representation in relation to the Offer which is not contained in this Prospectus and any such information may not be relied upon as having been authorised by the Directors.

A copy of this Prospectus can be downloaded from the Company's website at <https://www.ecs-botanics.com/>. The offer constituted by an electronic version of this Prospectus is only available to persons receiving an electronic version of this Prospectus within Australia. A hard copy of this Prospectus may be obtained by contacting the Company.

A number of terms and abbreviations used in this Prospectus have defined meanings set out in Section 7.

OVERSEAS INVESTORS

The distribution of this Prospectus in jurisdictions outside of Australia or New Zealand may be restricted by law and therefore persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the applicable securities law.

This Prospectus does not, and is not intended to, constitute an offer of securities in any jurisdiction where, or to any person to whom, it would be unlawful to make such an offer or issue. This Prospectus has not been, nor will it be lodged, filed or registered with any regulatory authority under the securities laws of any other country.

RISK FACTORS

Refer to Section 2 for details of the risks associated with an investment in the Company. As with any securities investment, there are risks associated with investing in the Company. Investors should be aware that an investment in the Company involves risks that may be greater than risks associated with an investment in some other companies. The principal risks that could affect the financial and

market performance of the Company are detailed in Section 2 of this Prospectus. The Listed Options on offer under this Prospectus should be considered speculative. Accordingly, before deciding to invest in the Company, investors should read this Prospectus in its entirety and should consider all factors in light of their individual circumstances and seek appropriate professional advice.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which they can be effectively managed is limited.

Risks of investing in the Company's existing assets and general risks are set out in Section 2 of this Prospectus.

Careful consideration should be given to all matters raised in this Prospectus and the relative risk factors prior to applying for Listed Options offered under this Prospectus. Investors should consider the risk factors described in Section 2, together with the information contained elsewhere in this Prospectus, before deciding whether to apply for Listed Options.

TIMETABLE AND IMPORTANT DATES

EVENT	DATE
Lodgement of Prospectus with ASIC and ASX	6 January 2022
Opening Date of Offer	6 January 2022
Closing Date of Offer (5pm WST)	11 January 2022

*These dates are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act, the ASX Listing Rules and other applicable laws, to vary the dates, including by extending the Closing Date. As such the date the Listed Options are expected to commence trading on ASX may vary.

1. DETAILS OF THE OFFER

1.1 The Offer

This Prospectus invites investors identified by the Directors to apply for a total of up to 10,000 Listed Options (**Offer**).

The Offer is only available to those who are personally invited to accept the Offer. Accordingly, Application Forms will only be provided by the Company to these parties.

The Listed Options offered under this Prospectus are exercisable at \$0.08 on or before 17 December 2023. The full terms and conditions of the Listed Options are set out in Section 4.3.

All Shares issued on exercise of the Listed Options will rank equally with the Shares then on issue. A summary of the rights and liabilities attaching to Shares is set out in Section 4.2.

1.2 Objective

The purpose of the Offer is not to raise funds. Instead, its purpose is to remove trading restrictions on Listed Options to be issued without disclosure under Part 6D of the Corporations Act before the Closing Date. In particular:

- (a) up to 100,000,000 Listed Options to be issued to sophisticated and professional investors (**Placement Participants**) who participated in the Company's placement announced to ASX on 29 October 2021 (**Placement**) on the basis of 2 free-attaching Listed Options for every Share subscribed for and issued under the Placement; and
- (b) up to 12,000,000 Listed Options to Peak Asset Management (and/or its nominees) (**Lead Manager**) in consideration for lead manager services provided in respect to the Placement.

Further details regarding the Placement are set out in the Company's announcement released to the ASX on 29 October 2021.

Generally, section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to offer those securities for sale within 12 months of their issue.

The Corporations Act provides an exception to section 707(3) where an entity issues a 'cleansing' notice under section 708A(5). However, the Company is precluded from issuing a 'cleansing' notice in respect of the Listed Options as they are not in a class of securities that were quoted securities at all times in the last 3 months.

However, section 708A(11)(b) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (c) the relevant securities are in a class of securities of the company that are already quoted on the ASX;
- (d) a prospectus is lodged with ASIC either:
 - (i) on or after the day on which the relevant securities were issued; or
 - (ii) before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and

- (e) the prospectus is for an offer of securities issued by the company that are in the same class of securities as the relevant securities.

1.3 Underwriting

The Offer is not underwritten.

1.4 Minimum Subscription

There is no minimum subscription under the Offer.

1.5 Opening and Closing Dates

The Offer will open for receipt of acceptances on **6 January 2022**.

The Offer will close at **5:00pm (WST)** on **11 January 2022**, or such later date as the Directors, in their absolute discretion and subject to compliance with the Listing Rules, may determine.

1.6 How to accept the Offer

Applications for Listed Options must only be made by investors at the direction of the Company and must be made using the Application Form accompanying this Prospectus. The Company may determine in its discretion whether to accept any or all Applications.

Completed Application Forms must be delivered to the Company as follows:

Suite 2, Level 15
3 Spring Street
Sydney NSW 2000

Completed Application Forms must reach the address set out above by no later than the Closing Date.

1.7 ASX Quotation

Application for Official Quotation of the Listed Options offered pursuant to this Prospectus will be made to ASX within seven (7) days after the date of this Prospectus. The Listed Options will only be admitted to Official Quotation if the quotation requirements under the ASX Listing Rules are satisfied. If the quotation requirements are not satisfied or ASX otherwise does not grant Official Quotation of the Listed Options, the Listed Options will be issued on an unquoted basis.

The fact that ASX may grant official quotation to the Listed Options is not to be taken in any way as an indication of the merits of the Company or the Listed Options now offered under this Prospectus.

1.8 Issue of Listed Options

The Listed Options to be issued pursuant to the Offer will be issued in accordance with the timetable set out at the commencement of this Prospectus and otherwise in accordance with the ASX Listing Rules.

Holding statements for the Listed Options issued under the Offer will be mailed in accordance with the timetable set out at the commencement of this Prospectus and otherwise in accordance with the ASX Listing Rules.

1.9 CHESSE and Issuer Sponsorship

The Company operates an electronic CHESSE sub-register and an electronic issuer sponsored sub-register. These two sub-registers make up the Company's register of securities. The Company will not issue certificates to investors. Rather, holding statements (similar to bank statements) will be dispatched to investors as soon as practicable after issue.

Holding statements will be sent either by CHESSE (for new investors who elect to hold their securities on the CHESSE sub-register) or by the Company's Share Registry (for new investors who elect to hold their securities on the Issuer sponsored sub-register). The statements will set out the number of Listed Options issued under the Prospectus and provide details of a Holder Identification Number (for new investors who elect to hold their securities on the Chess sub-register) or Security holder Reference Number (for new investors who elect to hold their securities on the issuer sponsored sub-register). Updated holding statements will also be sent to each new investor following the month in which the balance of their holding of Securities changes, and also as required by the Listing Rules or the Corporations Act.

1.10 Risks

As with any securities investment, there are risks associated with investing in the Company. The principal risks that could affect the financial and market performance of the Company are detailed in Section 2 of this Prospectus. The Listed Options on offer under this Prospectus should be considered speculative. Accordingly, before deciding to invest in the Company, investors should read this Prospectus in its entirety and should consider all factors in light of their individual circumstances and seek appropriate professional advice.

1.11 Overseas Applicants

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the Securities the subject of this Prospectus or otherwise permit a public offering of the Securities the subject of this Prospectus in any jurisdiction outside Australia.

Residents of countries outside Australia should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed should they wish to make an application to take up Listed Options on the basis of this Prospectus. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all approvals and consents have been obtained.

1.12 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers. Taxation consequences will depend on particular circumstances. Neither the Company nor any of its officers accept any liability or responsibility in respect of the taxation consequences of the matters referred to above or any other taxation consequences connected with an investment in the Securities of the Company.

1.13 Privacy Disclosure

Persons who apply for Listed Options pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess applications for securities to provide facilities and services to Shareholders, and to carry out

various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If the information requested is not supplied, applications for Listed Options will not be processed. In accordance with privacy laws, information collected in relation to specific Applicants can be obtained by that Applicant through contacting the Company or the Share Registry.

1.14 Enquiries

This document is important and should be read in its entirety. Persons who are in any doubt as to the course of action to be followed should consult their stockbroker, solicitor, accountant or other professional adviser without delay.

If you have any questions regarding the Offer, please contact the Company Secretary on (08) 6559 1792, from 8.30am to 5.00pm (WST), Monday to Friday.

2. RISK FACTORS

2.1 Introduction

The Listed Options offered under this Prospectus should be considered speculative because of the nature of the Company's business.

Whilst the Directors recommend that Shareholders take up their entitlement to Listed Options, there are however numerous risk factors involved. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which the Listed Options (or the underlying Shares) will trade.

The following is a summary of the more material matters to be considered and should be read in conjunction with specific matters referred to in the Company's announcements and reports. However, the summary is not exhaustive and potential investors should examine the contents of this Prospectus in its entirety and consult their professional advisors before deciding whether to apply for the Listed Options.

2.2 Company specific

2.2.1 Maintaining, varying and expanding medicinal cannabis licenses

The successful execution of the Company's medicinal cannabis and hemp businesses objectives is contingent upon compliance with all applicable laws and regulatory requirements in Australia and other jurisdictions outside of Australia. ECS's ability to execute its business model and undertake its growth strategy is dependent on ECS's ability to maintain its medicinal cannabis licences and permits as issued by the ODC under the Narcotic Drugs Act 1967 (Cth) as well as its State licences and permits issued by the Department of Health, Victoria and Hemp Licences issued by Department of Primary Industries, Parks Water & Environment, Tasmania. In addition, ECS's current ability to execute its business model is dependent on its third party manufacturing partners ability to maintain and vary its license with relevant bodies such as the ODC and TGA. ECS cannot guarantee that the licences or permits will be renewed or varied in manner that is congruent to ECS. Existing licenses and permits and any new licenses and permits obtained in the future in Australia or other jurisdictions may also be revoked or restricted at any time should the Company fail to comply with the applicable regulatory obligations or with conditions of the licenses and permits. Should the licenses or permits be revoked, not renewed, or altered significantly the Company may not be able to produce or distribute medicinal cannabis products in Australia or export medicinal cannabis products outside of Australia.

2.2.2 Business strategy risk and limited history

Potential investors should consider that ECS is still a relatively early-stage enterprise in medicinal cannabis and hemp industry and the size of the market although growing is still relatively undetermined. Thus, investing in ECS is considered speculative and involves several significant risks.

ECS' future success is heavily reliant on executing its business plan.

This phase of ECS' growth carries significant risk and there is no assurance the Company will achieve these aspects of its business plan. Since the Australian cannabis industry is relatively new, the risk of not successfully executing its business plan is increased.

If ECS is unable to successfully develop these objectives, or if it develops slower than anticipated, there may be an adverse impact on ECS' ability to grow revenue, its financial statements and its ability to fulfil stakeholders' required return.

2.2.3 Product liability risk

There is a risk that ECS' products may have actual or perceived safety or quality failures or allegations of defective products which could result in:

- (a) litigation or claims by the parties affected;
- (b) regulatory authorities revoking or altering any approvals granted, or forcing ECS to conduct a product recall;
- (c) regulatory action or being held liable for any harm caused to customers;
- (d) damage to ECS' brand and reputation;
- (e) negative impact on the Company's insurance coverage; or
- (f) ECS being forced to terminate or delay sales or operations.

Despite best practice by ECS with respect to the manufacture and supply of its products and any insurance that ECS may hold, the risk of defective products remains and may negatively impact ECS' operations

2.2.4 Workplace health and safety risk

ECS' business involves farming which is inherently risky for the staff employed in that area. Other (non-farming) employees of ECS may be exposed to risks whilst working or travelling for work.

ECS must comply with various health and safety laws in Australia. There is a risk that penalties and other liabilities for the breach of health and safety law and standards may be imposed on ECS and may have an adverse effect on ECS' reputation and its revenue, profitability and growth.

2.2.5 Agricultural risk

ECS Botanics grows medicinal cannabis, its business is therefore, subject to the risks associated with farming/horticulture which include weather variability, insects and plant diseases, bird damage, pests and water insecurity.

Whilst ECS' management will endeavour to mitigate these risks with research and planning, any adverse outcomes in respect of these matters for ECS or its suppliers may adversely affect ECS' activities and operations.

2.2.6 Manufacturing and production risk

The ability for ECS Botanics to cultivate and produce products is dependent on a number of key inputs and their related costs. These key inputs include raw materials, electricity, water, other utilities and skilled labour. Any significant interruption or negative change in the availability or cost of these inputs could materially impact the production of the business and subsequently, the operating results of ECS.

2.2.7 Loss of key customers and distributors

ECS Botanics are reliant on various third-party contracts (binding and non-binding) throughout its business operations.

To the extent that ECS cannot obtain and/or retain customer or distributor contracts (due to disputes, increased competition or changes in the market), ECS' revenue, profitability and growth, additionally, financial performance may be materially and adversely affected.

Furthermore, should patient and consumers' sentiments towards hemp food and medicinal cannabis decline in the future, there may be an adverse impact on ECS' operations and the financial performance of the Company.

2.2.8 Supplier arrangements

The ability of ECS to cultivate and manufacture products for supply in the Australian industrial hemp and medicinal cannabis market is dependent on a number of key suppliers and their related costs. As with any cultivation or manufacturing operation, the availability of reputable suppliers of key inputs and any significant interruption or change in availability or costs of key inputs could materially impact the production process and hence the products available for supply. Subsequently, this would affect the operating results of ECS during the period which these risks materialise.

If, in future, ECS cannot secure or retain key suppliers, its ability to maintain consistent production levels may be comprised, which in turn may have a material adverse impact on the financial performance of the Company.

ECS is reliant on its third party manufacturers, distributors and logistics providers.

ECS has mitigated this risk by selectively in-sourcing and outsourcing various elements of the supply chain, however these risks are still visible and become greater as the Company expands.

However, all of the Company's contracts carry a risk that the third parties do not fulfil their respective obligations fully, or adequately. A failure of a third party or third parties to fulfil their contractual obligations may lead to termination of that contract or damage to ECS' reputation, profit and sale opportunities.

Additionally, while ECS intends to employ a range of suppliers, manufacturers and producers, a loss of one or multiple suppliers will disrupt the supply chain and could have a material adverse effect on the Company.

(a) Cultivation

With respect to cultivation, ECS owns farmland in Tasmania and Victoria to minimise risk in the supply of medicinal dry flower and biomass. ECS also uses protected cropping to reduce effect of rain, hail or insects on crops.

ECS' Tasmanian Farm and Victorian farms include water licenses. Adequate irrigation is essential to producing a crop and the level of irrigation directly affects the quality and yield of the crop. However, the termination or expiration of water licence arrangements will have a significant negative impact on ECS' operations.

(b) Storage

ECS owns two 35 tonne aerated silos located in Tasmania and has leases shed space to accommodate all of ECS' hemp grain supply, ECS also has vaults for the storage

of medicinal cannabis in Tasmania and Victoria, and therefore, ECS' has substantially mitigated risks associated with its need for critical storage space for grain and medicinal cannabis

(c) **Manufacturing**

ECS outsources some of its manufacturing and production processes as it does not have the entire manufacturing capability for its food and medicinal cannabis products. This reliance on third parties to conduct this essential aspect of its business is a material risk to ECS.

ECS has worked to mitigate this risk by developing strong commercial business relationships with these third parties, and outsourcing its manufacturing and production activities to companies that have longevity and good reputations in Victoria and Tasmania.

These agreements ensure that the risk of outsourcing this aspect of ECS' business is decreased, and the future manufacturing and processing is assured to the extent of these agreements.

Third parties to whom ECS supplies medicinal cannabis and raw hemp seed to are required to hold licenses with the relevant authorities to enable that third party to make receivables. If such third parties fail to maintain or renew such authorisations, it may have an effect on the timeframe in which ECS may be able to supply its products to market.

(d) **Logistics**

As ECS relies on outsourced logistics, events such as strike, an increase in the cost of energy, changes in transport services or destruction of infrastructure may mean ECS cannot supply and deliver the Company's products.

2.2.9 Competition risk

The hemp and medicinal cannabis industry is subject to growing domestic and international competition.

While ECS will undertake all reasonable due diligence in its business planning and operations, however it has no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company. For example, ECS' competitors may be more adequately resourced than ECS and therefore can operate more efficiently and at a lower cost.

Further, ECS currently has a suite of hemp food products, however without the benefit of ongoing product differentiation, its products may become uncompetitive resulting in adverse effects on revenue and profitability. If ECS cannot adapt to meet its competitors increased efficiency, it may result in loss of market share and lower profit margins.

The same applies for ECS's medicinal cannabis business, although ECS has a leading position in cultivation and manufacturing, competitors can catch up quickly. Furthermore ECS's range of products it can supply and manufacture for third parties are replicable by competitors.

2.2.10 Uncontracted arrangements risk

A large proportion of ECS' business relationships are the subject to agreements which are subject to standard terms and conditions rather than comprehensive agreements which protect ECS' interests (as is considered standard in the food and medicinal cannabis industry).

Given the nature of these contractual relationships, it is not possible for ECS to contractually guarantee consistency of sales volumes, price or terms going forward.

Further, there is a risk that these customer relationships may not be able to be maintained, or new relationships may not be formed on terms acceptable to the Company.

2.2.11 Reputation, trade marks and protection of intellectual property

ECS believes that reputation and brand recognition are important to its business and the effective protection of intellectual property rights is critical to its interest.

ECS depends on its reputation and the reputation of its third party suppliers – damage to the third party's reputation will effect ECS' reputation and therefore profitability and operations.

ECS cannot guarantee that there will not be any unauthorised use or misuse of its brands. Any infringement may be detrimental to ECS' reputation and may lead to costly and time-consuming litigation or adversely affect ECS' financial performance.

To the extent that ECS relies upon its own intellectual property to conduct its business, it will need to protect its intellectual property. However, there may be circumstances where ECS' intellectual property and related licences cannot be protected or are subject to unauthorised disclosure, infringement or challenge by a third party.

If ECS does not protect its intellectual property or infringes a third party's intellectual property, it may have to cease using certain intellectual property or be liable for damages to that third party. This may also have an adverse impact on ECS' operations, financial performance and future prospects.

2.2.12 Key personnel and management risk

The Company's operational success will depend substantially on the continuing efforts of senior executives. The loss of services of one or more senior executives may have an adverse effect on the Company's operations. Furthermore, if the Company is unable to attract, train and retain key individuals and other highly skilled employees and consultants, its business may be adversely affected.

2.2.13 Technological and innovation risk

ECS Botanics will need to stay well informed with respect to technologies and products in relation to cultivation, manufacturing and supply of hemp food and medicinal cannabis products.

ECS' failure to employ the latest technologies to its processes and procedures will result in a downturn in its competitiveness and ultimately financial performance.

2.2.14 Risk of adverse future regulatory changes

The operations and proposed operations of ECS Botanics are subject to a variety of laws, regulations, and guidelines in its market, at federal and state levels including (but not limited

to) product content requirements, labelling and packaging, regulations, environmental food standards and tax laws.

The introduction of new legislation or amendments to or changes to the practical effect of existing legislation by governments in relation to the legislation which governs ECS' business, could impact adversely on the assets, operations and the financial performance of ECS.

2.2.15 Requirement for additional funding and cost overruns

The funds to be raised under the Offer are considered sufficient to meet the current objectives of the Company. Despite management's effort to accurately estimate future costs, costs may exceed expected levels. If this occurs, additional funding may be required from time to time to finance its longer term objectives. The Company cannot give assurances that additional funding can be raised on favourable terms, if at all. ECS may never achieve profitability.

Additionally, the Company may discover further opportunities arise for capital expenditure, acquisitions or joint ventures. Should such events occur, the Company will look to raise additional funds via equity financing, debt financing or licensing arrangements. Failure to obtain sufficient funding may result in delay and indefinite postponement of the Companies activities. There can be no assurance that additional financing will be available when needed, on terms appropriate to the Company or that do not involve substantial dilution to Shareholders.

2.2.16 Insurance

ECS will endeavour to maintain insurance to mitigate the risks that the Company will face. However, ECS cannot insure against all risks, or guarantee that the level of insurance cover it obtains will be adequate, either because appropriate or necessary cover is not available or because Directors consider the required premiums to be excessive in relation to the benefits that would accrue.

If ECS incurs losses or liabilities for which it is uninsured, this may have a negative impact on the Company's financial performance and ability to operate its business.

2.2.17 Counterparty and credit risk

The business operations of ECS require the involvement of a number of third parties, including suppliers, contractors. Not being able to reach a binding agreement with a third party, financial failure, default, or contractual non-performance on the part of such third parties including failure to pay amounts due to ECS pursuant to its agreements, may have a material impact on the operations and performance of the Company.

2.2.18 Commodity price risk

ECS' business is subject to Australian and overseas hemp and medicinal cannabis commodity prices.

Prices of commodities (including agricultural commodities such as hemp and cannabis) vary and are affected by a variety of local and global factors that are beyond the control of the Company.

These factors include (but are not limited to) local and global supply and demand, production costs, weather and environmental conditions, governing authority regulations and flux (such as local and global growing programs and policies, sanctions and barriers), and also local and global plant diseases. Commodity prices are also affected by general local and global economic conditions.

Adverse changes in commodity prices may have an adverse impact on ECS' operations and business.

2.2.19 Unforeseen risks

There may be other risks which Directors or management are unaware of at the time of issuing this Prospectus which may impact on ECS, its operations and/or the valuation and performance of ECS.

2.3 General risks

2.3.1 Equity market conditions

Securities listed on the stock market can experience extreme price and volume fluctuations that are often unrelated to the operating performances of such companies. The market price of Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

General factors that may affect the market price of Shares include economic conditions in both Australia and internationally (particularly Australian, US and Chinese economic conditions), investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

2.3.2 Force majeure

Events completely out of the control of ECS have the potential to negatively impact the Company's operations including, for example, war, political unrest, riot, extreme weather conditions, strikes, explosion, terrorist activity and product sabotage.

2.3.3 Litigation risks

The Company is exposed to possible litigation risks including intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

2.3.4 Reliance on key personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

2.3.5 General economic and political risks

Changes in the general economic and political climate in Australia and on a global basis may impact on economic growth, such as, interest rates, the rate of inflation, taxation and tariff laws and domestic security, which may affect the value and viability of any activities that may be conducted by the Company.

2.3.6 Shareholders may be diluted

In the event that the Company elects in the future to issue shares or to raise further capital to fund investments or acquisitions, Shareholders may have their shareholding diluted as a result of such share issues or capital raising. Any capital raising or share issue must be conducted in accordance with the Listing Rules and the limits on the securities that a listed company may issue in any 12-month period.

2.3.7 Unforeseen expenditure risks

Expenditure may need to be incurred which has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any such additional expenditure requirements, however if such expenditure is subsequently required or incurred, this may adversely impact budgeted expenditure proposals by the Company.

2.3.8 Corporate and business taxation

ECS is currently subject to a range of taxation obligations, potentially including income taxes (Australia federal, state and municipal income taxes), indirect taxes (Australian Goods and Services Tax), payroll taxes, superannuation and pension obligations, property taxes, and other taxes and levies.

There is potential for changes to any domestic tax laws. Any change to the current rates of taxes imposed on ECS is likely to affect returns to shareholders.

Any change in tax rules and tax arrangements or their implementation could have an adverse effect on the level of shareholder returns.

2.3.9 Coronavirus (COVID-19)

The outbreak of the coronavirus pandemic (COVID-19) is impacting on global economic markets. The nature and the extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any government or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company. The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the Company's business and financial performance. With the situation continually evolving, the consequences are therefore inevitably uncertain at this point in time. If any of COVID-19 impacts appear material prior to the close of the Offer, the Company will inform investors under a supplementary Prospectus.

2.4 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

Therefore, the Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Shares pursuant to this Prospectus.

3. PURPOSE AND EFFECT OF THE OFFER

3.1 Purpose of the Offer

As set out in Section 1.2, the primary purposes of this Prospectus is not to raise funds. Instead, its purpose is to remove trading restrictions on Listed Options to be issued without disclosure under Part 6D of the Corporations Act before the Closing Date.

3.2 Financial Effect of the Offer

No funds will be raised from the Offer. After paying expenses of the Offer of approximately \$10,000 (exclusive of GST), there will be no net proceeds from the Offer. The expenses of the Offer will be met from the Company's existing cash reserves. The effect of the Offer on the Company's financial position will be a net decrease in cash held of approximately \$10,000 (exclusive of GST).

3.3 Effect on Capital Structure

The effect of the Offer on the capital structure of the Company (assuming all Listed Options are issued, no other securities are issued, and no other existing Securities are exercised or converted into Shares are exercised) is set out below.

Security	Number ¹
Shares²	
Shares on issue as at the date of this Prospectus	1,105,215,515
Total Shares on issue on completion of the Offer	1,105,215,515
Options	
Options on issue as at the date of this Prospectus:	
Unlisted Options exercisable at \$0.08 on or before 16 January 2023	20,375,000
Listed Options to be issued pursuant to the Offer ³	10,000
Total Options on issue on completion of the Offer⁴	20,385,000
Performance Rights	
Performance Rights on issue as at the date of this Prospectus ⁴	87,500,000
Total Performance Rights on issue on completion of the Offer	87,500,000

Notes:

- 1 These figures do not include any Securities that are issued after the date of this Prospectus and are not part of the Offer.
- 2 The rights and liabilities attaching to the Shares are summarised in Section 4.2.
- 3 The full terms and condition of the Listed Options are set out in Section 4.3.
- 4 The Company obtained Shareholder approval at its annual general meeting held on 17 December 2021 to issue up to 100,000,000 Listed Options to the Placement Participants in accordance with the terms of the Placement and up to 12,000,000 Listed Options to the Lead Manager (and/or its nominees) in

consideration for lead manager services provided in respect of the Placement. The Company intends to issue and apply for quotation of these Listed Options prior to the Closing Date.

5 Comprising:

- (a) 43,750,000 Class B Performance Rights which will convert into Shares upon ECS Botanics Pty Ltd (ACN 624 153 331) (**ECS Botanics**) achieving annual revenue in any financial year of \$2.5 million within three (3) years of the Company's re-admission to the Official List of the ASX (**Re-Admission**). The Class B Performance Rights have an expiry date of three (3) months from the end of the financial year which is within three (3) years of the Re-Admission ; and
- (b) 43,750,000 Class C Performance Rights which will convert into Shares upon ECS Botanics achieving annual revenue in any financial year of \$10 million within four (4) years of the Re-Admission. The Class C Performance Rights have an expiry date of three (3) months from the end of the financial year which is within four (4) years of the Re-Admission.

The full terms and conditions of the Performance Rights are set out in the Company's re-compliance prospectus dated 15 February 2019.

3.4 Effect on control of the Company

The Offer will not have a material impact on the control (as defined by section 50AA of the Corporations Act) of the Company.

3.5 Details of substantial holders

Based on publicly available information as at the date of this Prospectus, the persons who (together with their associates) have a relevant interests in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Keach Securities and Investments Pty Ltd	104,327,813	9.44
Flowerday Holdings Pty Ltd	100,000,000	9.05
Harbour Capital Asset Management Pty Ltd	75,459,007	7.07

The Offer will have no effect on the quantity of Shares held by these substantial shareholders as only Listed Options are being issued.

4. RIGHTS ATTACHING TO SECURITIES

4.1 Terms and Conditions of Shares

All Shares issued on exercise of the Listed Options will rank pari passu in all respects with the Company's existing ordinary fully paid shares. The Company will apply for Official ASX Quotation of all Shares issued upon exercise of Listed Options issued under the Offer.

4.2 Rights and Liabilities Attaching to Shares

The following is a summary of the more significant rights and liabilities attaching to the Shares being the underlying securities of the Listed Options to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to and in accordance with the Corporations Act, the Listing Rules, the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of Shares**

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) **Variation of rights**

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) **Alteration of Constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at

least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

4.3 Terms and conditions of Listed Options

The terms and conditions of the Listed Options are as follows:

(a) **Entitlement**

Subject to paragraph (m), each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraphs (j) and (l), the amount payable upon exercise of each Option will be \$0.08 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00pm (AWST) on 17 December 2023 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (iii) issue the number of Shares required under these terms and conditions in respect of the number of Option specified in the Notice of Exercise and for which cleared funds have been received by the Company;

- (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(iv) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Quotation of Shares issued on exercise**

Unless the Company's Board resolves otherwise (and then subject to the requirements of the ASX Listing Rules), the Company will not apply to ASX for quotation of the Options.

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Adjustment for rights issue**

In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Options, the Exercise Price will be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.

(m) **Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the optionholder would have

received if the optionholder had exercised the Option before the record date for the bonus issue; and

- (ii) no change will be made to the Exercise Price.

5. ADDITIONAL INFORMATION

5.1 Company Update

Details of the Company's current activities are set out in the announcements made by the Company to the ASX and are available from the ASX, or the Company's website at <https://www.ecs-botanics.com/>.

5.2 Nature of this Prospectus

The Listed Options to be issued pursuant to this Prospectus are options over continuously quoted securities. This Prospectus is issued under the special prospectus content rules for continuously quoted securities in Section 713 of the Corporations Act. This enables listed disclosing entities, such as the Company, to issue a prospectus for continuously quoted securities with modified disclosure requirements if they satisfy certain requirements.

The information in this Prospectus principally concerns the terms and conditions of the Offer and the information reasonably necessary to make an informed assessment of:

- (a) the effect of the Offer on the Company; and
- (b) the rights and liabilities attaching to the Listed Options offered pursuant to this Prospectus and the underlying securities.

The Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore also have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in the Company.

5.3 Continuous Reporting and Disclosure Obligations

As the Company is admitted to the official list of ASX, the Company is a "disclosing entity" for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

Price sensitive information is publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants is also managed through disclosure to ASX. In addition, the Company posts information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

Investors are encouraged to check and monitor any further announcements made by the Company to ASX prior to securities being issued under the Offer. To do so, please refer to the Company's ASX announcements platform via www.asx.com.au.

By virtue of section 713 of the Corporations Act, the Company is entitled to issue a "transaction-specific" prospectus in respect of the Offer.

In general terms, a "transaction-specific prospectus" is only required to contain information in relation to the effect of the issue of securities on the Company and the rights and liabilities attaching to the securities. It is not necessary to include general information in relation to all

of the assets and liabilities, financial position and performance, profits and losses or prospects of the issuing company.

As a disclosing entity under the Corporations Act, the Company states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report of the Company for the financial year ended 30 June 2021;
 - (ii) any half-year financial report of the Company lodged with ASIC after the lodgement of the annual financial report referred to above and before the lodgement of this Prospectus with ASIC; and
 - (iii) all continuous disclosure notices given by the Company after the lodgement of the annual financial report referred to above and before the lodgement of this Prospectus with ASIC (see below).

There is no information which has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules that investors or their professional advisers:

- (a) would reasonably require for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (ii) the rights and liabilities attaching to the securities the subject of this Prospectus; and
- (b) would reasonably expect to find in this Prospectus.

This Prospectus contains information specific to the Offer. If investors require further information in relation to the Company, they are recommended to take advantage of the opportunity to inspect or obtain copies of the documents referred to above.

The following announcements have been lodged with ASX in respect of the Company since the Company lodged its annual financial report for the financial year ended 30 June 2021 on 31 August 2021.

Date	Title
17/12/2021	Results of Meeting
30/11/2021	Medical cannabis supply agreement with Cannvalate
23/11/2021	Reinstatement to Official Quotation
23/11/2021	ECS Enters Agreement with Sun Pharma
22/11/2021	Suspension from Official Quotation

18/11/2021	Trading Halt
18/11/2021	Notice of General Meeting/Proxy Form
12/11/2021	Jobkeeper Payments Notification
04/11/2021	Secondary Trading Notice
04/11/2021	Application for quotation of securities – ECS
29/10/2021	Proposed issues of securities – ECS
29/10/2021	Heavily Supported \$6.6m Placement to Drive Expansion
27/10/2021	Trading Halt
26/10/2021	Change in substantial holding
22/10/2021	Results of Annual General Meeting
22/10/2021	Quarterly Activities/Appendix 4C Cash Flow Report
08/10/2021	ECS to achieve record quarterly revenue
20/09/2021	Notice of Annual General Meeting/Proxy Form
20/09/2021	World class advisory board established
10/09/2021	Change of Director's Interest Notice (x2)
08/09/2021	Vesting of Milestone A Performance Rights
08/09/2021	Secondary Trading Notice
08/09/2021	Application for quotation of securities – ECS
08/09/2021	ECS secures supply agreement with Canngesa
02/09/2021	Investor Presentation
31/08/2021	Appendix 4G and Corporate Governance Statement
31/08/2021	Appendix 4E & Annual Report

5.4 Market Price of Shares

The highest and lowest closing prices of Shares on the ASX during the 3 months preceding the date of this Prospectus, and the closing price on the trading day before the date of this Prospectus, are set out below.

	Price	Date
Highest	\$0.040	7 and 13 October 2021
Lowest	\$0.028	2 December 2021

Last	\$0.029	5 January 2022
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5.5 Litigation

The Directors are not aware of any material legal proceedings which have been threatened or actually commenced against the Company.

5.6 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director has, or had within two years before lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or securities or otherwise) and no benefits have been given or agreed to be given to any Director:

- (a) to induce him to become, or to qualify him as, a Director; or
- (b) for services rendered by him in connection with the formation or promotion of the Company or the Offer.

Remuneration

The remuneration (including superannuation) paid to the Directors for the two financial years prior to the date of this Prospectus, and proposed to be paid to the Directors for the current financial year (on an annualised basis), is set out below:

Director	FY 2020	FY 2021	FY 2022
Alex Keach ¹	\$198,853	\$195,000	\$195,000
David McCredie ²	\$47,497	\$39,420	\$39,420
Jeremy King ³	\$158,503	\$39,420	\$39,420
Michael Nitsche ⁴	\$98,962	\$39,420	\$39,420
Nan Maree Schoerie ⁵	-	\$51,154	\$195,000

Notes:

- 1 Alex Keach was appointed as a Director on 11 July 2019. Mr Keach's remuneration for the financial year ended 30 June 2020 includes share based payments valued at \$10,149.
- 2 David McCredie was appointed as Director on 11 July 2019. Mr McCredie's remuneration for the financial year ended 30 June 2020 includes share based payments valued at \$10,149.
- 3 Jeremy King was appointed as Director on 11 January 2017. Mr King's remuneration for the financial year ended 30 June 2020 includes share based payments valued at \$119,083.
- 4 Michael Nitsche was appointed as Director on 25 March 2019. Mr Nitsche's remuneration for the financial year ended 30 June 2020 includes share based payments valued at \$59,542.

5 Nan Maree Schoerie was appointed as a Director on 15 March 2021.

Further information relating to the remuneration of Directors can be found in the Company's annual financial report for the financial year ended 30 June 2021, which was announced to ASX on 31 August 2021.

Securities

The securities in which the Directors and their associates have or are proposed to have relevant interests in at the date of this Prospectus are set out below.

Director	Shares	Options¹	Performance Rights
Alex Keach ²	104,327,813	937,500 ¹	27,558,290 ³
David McCredie ⁴	960,378	937,500 ¹	129,534 ⁵
Jeremy King	1,515,152	11,000,000 ⁶	-
Michael Nitsche	-	5,500,000 ¹	-
Nan Maree Schoerie ⁷	100,000,000	-	-

Notes:

- 1 Unlisted Options exercisable at \$0.08 and expiring 30 months from the date of issue.
- 2 Securities all held indirectly by Keach Securities & Investments Pty Ltd, an entity of which Mr Keach is a director.
- 3 Comprising 13,779,145 Class B Performance Rights and 13,779,145 Class C Performance Rights which vest upon the satisfaction of certain revenue milestones. The full terms and conditions of the Performance Rights are set out in the Company's re-compliance prospectus dated 15 February 2019.
- 4 690,378 Shares, 937,500 Options and 129,534 Performance Rights held indirectly by HTFS Nominees Pty Ltd <HUB24 Super Fund>, an entity of which Mr McCredie is a beneficiary.
- 5 Comprising 64,767 Class B Performance Rights and 64,767 Class C Performance Rights which vest upon the satisfaction of certain revenue milestones. The full terms and conditions of the Performance Rights are set out in the Company's re-compliance prospectus dated 15 February 2019.
- 6 Comprising 11,000,000 Unlisted Options exercisable at \$0.08 and expiring 30 months from the date of issue and 757,576 Listed Options exercisable at \$0.08 and expiring 17 December 2023.
- 7 Held indirectly by Flower Holdings Pty Ltd, an entity of which Ms Schoerie is sole director.

There are no related party transactions entered into that have not otherwise been disclosed in this Prospectus or to the market.

5.7 Interests and Consents of Advisers

Other than as set out below or elsewhere in this Prospectus, no underwriter, promoter or any other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus holds, or has held within two years before lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any underwriter, promoter or any other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, for services rendered by that person in connection with the formation or promotion of the Company or the Offer.

Pursuant to Section 716 of the Corporations Act, Nova Legal has given, and has not withdrawn its consent to being named as Solicitors to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named. Nova Legal has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name. Nova Legal has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Nova Legal approximately \$5,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Nova Legal has received fees of \$37,948.90 (including disbursements, but exclusive of GST) in respect of general legal services provided to the Company.

5.8 Estimated Expenses of the Offer

The estimated expenses of the Offer (excluding GST) are as follows:

Item	Amount (\$)
ASIC fees	\$3,206
Legal and other professional fees	\$5,000
Miscellaneous expenses	\$1,794
Total	\$10,000

5.9 Electronic Prospectus

Pursuant to ASIC Regulatory Guide 107, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or Prospectus or any of those documents were incomplete or altered.

6. DIRECTOR'S CONSENT

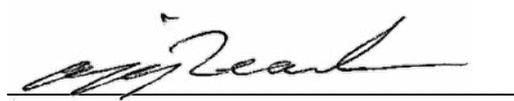
This Prospectus is dated 6 January 2022 and is issued by ECS Botanics Holdings Limited.

The Directors have made all reasonable enquires and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive.

This Prospectus is prepared on the basis that certain matters may reasonably be expected to be known to likely investors or their professional advisors.

Each of the Directors of ECS Botanics Holdings Limited has consented to the lodgement of this Prospectus in accordance with Section 720 of the Corporations Act and has not withdrawn that consent.

Signed for and on behalf of ECS Botanics Holdings Limited:



Alex Keach
Managing Director

7. DEFINITIONS

Applicant means an investor who applies for Listed Options pursuant to the Offer.

Application Form means an application form attached to or accompanying this Prospectus.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) operating as the Australian Securities Exchange.

Business Day means any day which is defined to be a Business Day pursuant to Listing Rule 19.12 of the Listing Rules.

CHESS means Clearing House Electronic Sub-register System of ASX Settlement Pty Ltd (ACN 008 504 532).

Closing Date means the closing date of the Offer being 5.00pm (WST) on 11 January 2022 (unless extended).

Company means ECS Botanics Holdings Limited (ACN 009 805 298).

Constitution means the Company's Constitution as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Cth means the Commonwealth of Australia.

Directors means directors of the Company.

Dollars or **\$** means dollars in Australian currency.

GST means goods and service tax levied in Australia pursuant to A New Tax System (Goods and Services Tax) Act 1999 (Cth).

Lead Manager means Peak Asset Management.

Listed Option means an Option with the terms and conditions set out in Section 4.3

Listing Rules means the Listing Rules of the ASX.

Offer means the offer of Listed Options pursuant to this Prospectus.

Official List means the official list of ASX.

Opening Date means 6 January 2022.

Option means an option to acquire a Share.

Placement means the Company's placement announced to ASX on 29 October 2021.

Placement Participants means those sophisticated and professional investors who participated in the Placement.

Prospectus means this prospectus dated 6 January 2022.

Quotation and **Official Quotation** means official quotation on ASX.

Securities means Shares, Options, and/or Performance Rights (as the context requires).

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means the holder of a Share as recorded in the register of the Company.

Share Registry means Computershare Investor Services Pty Ltd (ACN 078 279 277).

WST means Western Standard Time, Perth, Western Australia.