

ECS Botanics Holdings Ltd (ASX:ECS)



ASX Announcement

07 October 2025

Q1 FY26 Investor Update ECS Achieves Positive Cash Flow Breakthrough with Continued B2C Momentum

ECS Botanics Holdings Ltd (ASX: ECS) ("ECS" or the "Company"), a leading medicinal cannabis company, provides the following update on activities for the quarter ending 30 September 2025 (Q1 FY26).

Highlights:

- **Positive Cash Flow:** Delivered a positive net operating cash flow of \$0.14 million, an improvement of \$1.6 million quarter-on-quarter and \$0.9 million year-on-year.
- **B2C Growth:** Direct-to-consumer (B2C) revenue increased 21% QoQ to \$3.2 million, with growth recorded across all product lines. B2C now represents 56% of total revenue.
- **Revenue Performance:** Total revenue reached \$5.7 million, up 19% QoQ and 15% YoY, driven by expansion in B2B sales in addition to B2C growth.
- **Cash Receipts:** Quarterly cash receipts were \$5.3 million, representing 8% growth QoQ and 22% YoY, reflecting stronger sales momentum.
- **International Expansion:** Terphogz set for European launch following distribution agreement.
- **Operational Efficiency:** Staff costs reduced 17% and manufacturing costs reduced 22% from previous quarter, following a record harvest, nearing completion of capital works and an ongoing focus on cost optimisation.
- **Capital Projects:** Expansion projects remain on track for completion in October 2025.
- **Financial Position:** The Company retains \$2.9 million in cash and available finance, providing flexibility to support initiatives.



Positive Cash Flow and Strong Revenue Growth

ECS delivered positive net operating cash flow in Q1 FY26, underpinned by higher sales and disciplined cost optimisation. Operating costs reduced by 18% quarter-on-quarter, falling from \$6.5 million to \$5.3 million, reflecting efficiencies across the business, lower staff costs and the reduced labour costs associated with capital works. Cash receipts increased to \$5.4 million, up 8% on the prior quarter and 22% versus Q1 FY25.

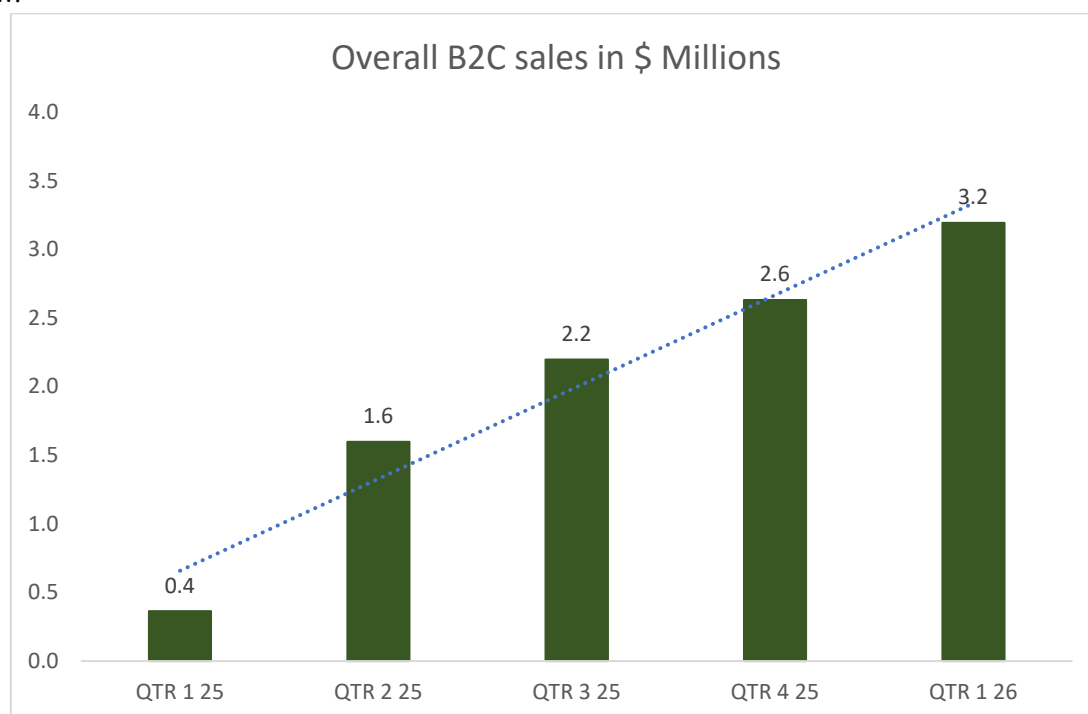
Revenue for the quarter reached \$5.7 million (unaudited), representing a 19% increase on Q4 FY25 and 15% growth on the prior year. Growth was broad-based across all product categories, highlighting the strength of ECS's branded portfolio and the success of its multi-channel sales strategy.

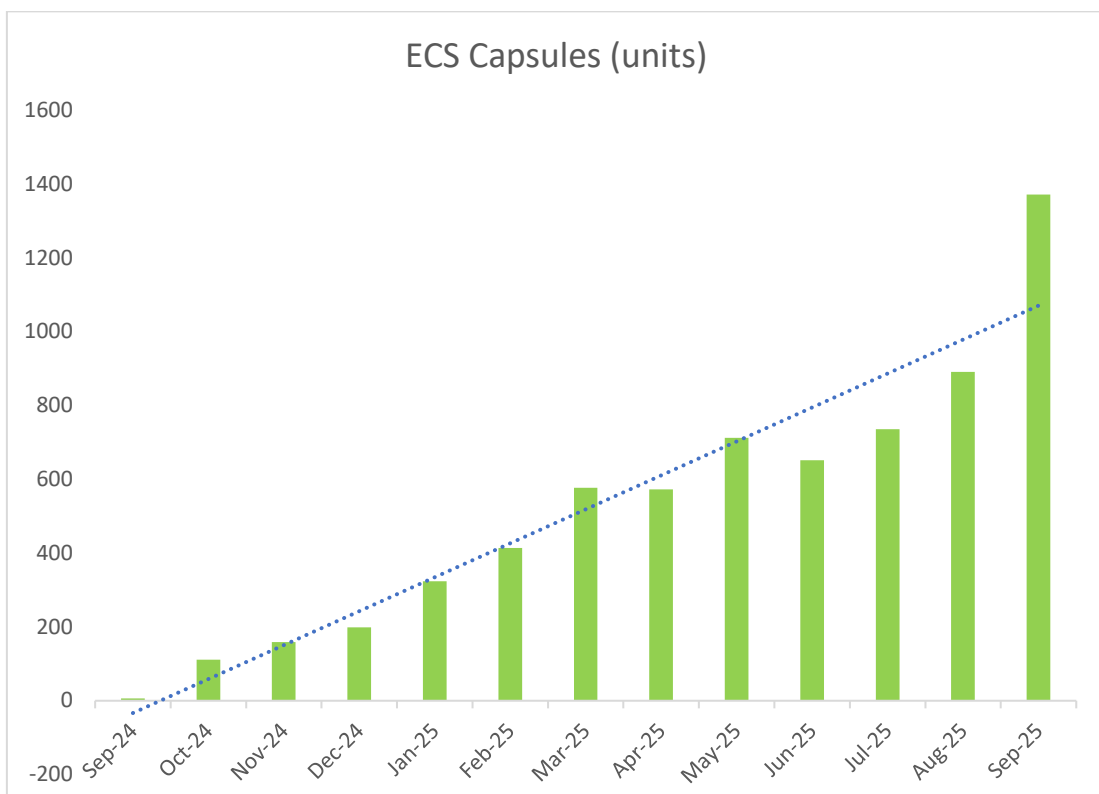
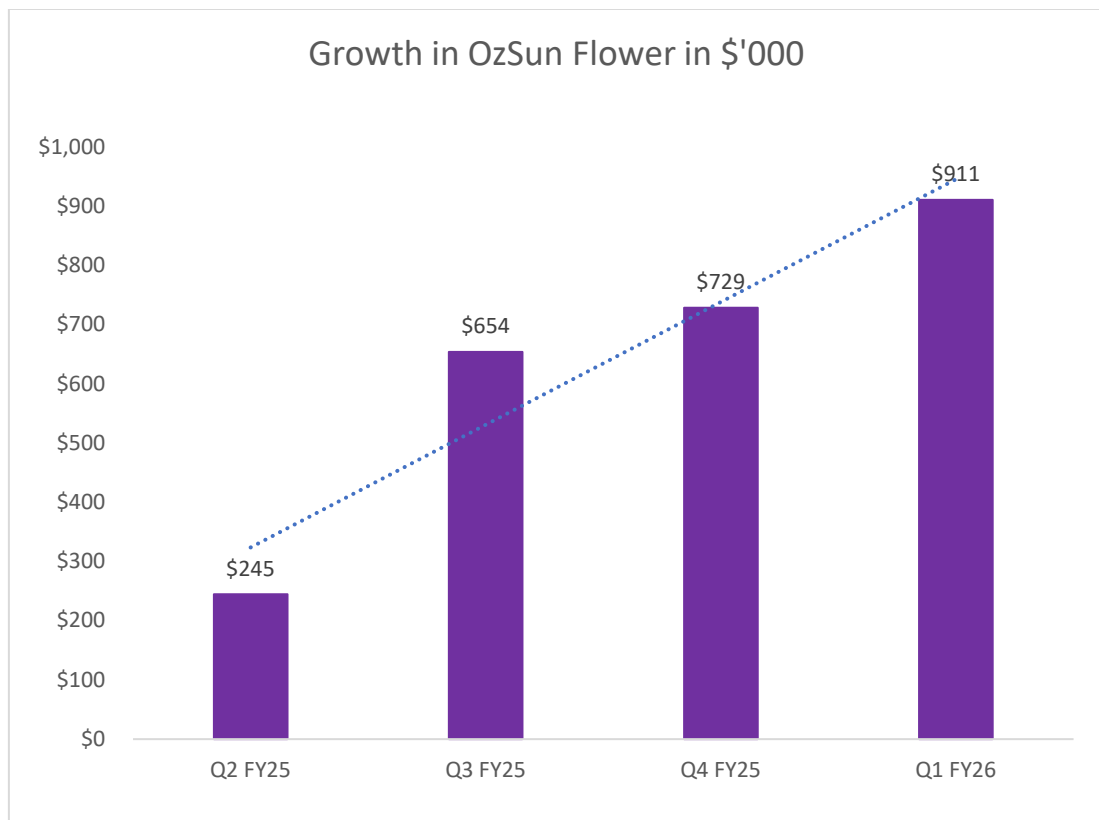
The Company remains well funded with \$2.9m in total available funding (cash and unused financing facilities).

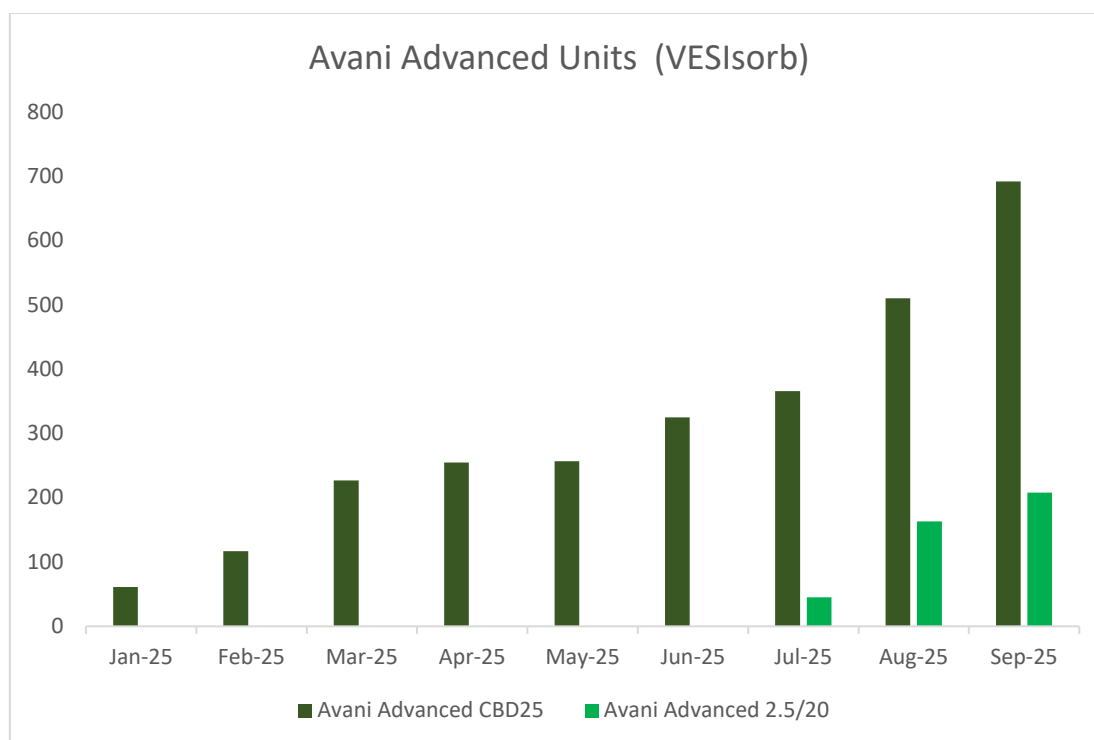
B2C Growth and Brand Momentum

ECS's direct-to-consumer (B2C) strategy continues to deliver strong results, complementing the Company's established B2B and export channels. Growth momentum remains strong as brand loyalty deepens and new products are introduced. The Avani Advanced range continues to perform particularly well, reflecting strong patient uptake and value proposition. Following final-stage testing, ECS deferred the Avani Advanced pastilles launch to Q2 FY26 to further enhance formulation and consistency. This will ensure the product meets the highest standards of quality and patient experience and reflects ECS's commitment to building brand integrity and customer trust.

The B2C growth is underpinned by strong momentum across all product lines as shown in the charts below.







Strategy Mitigates Import Pressures

Imported medicinal cannabis flower continues to dominate the Australian market, much of it sourced from non-GMP facilities and with limited quality testing locally. ECS's strategy to counter this dynamic is centred on a diversified product portfolio and the promotion of its Australian-grown, organically certified and GMP-accredited credentials in both domestic and European markets.

This approach has supported further growth in ECS's B2B offering and strengthened relationships with prescribers seeking trusted Australian products produced under the oversight of the TGA, the Office of Drug Control (ODC) and the Australian Certified Organic (ACO) frameworks. During the quarter, ECS successfully completed routine ODC and ACO audits, while the TGA confirmed its intention to extend ECS's GMP licence.

Focus on Efficiency and Growth

The Company remains focused on driving further operating efficiencies and expanding growth across all product lines in both B2C and B2B. Launching Terp Hogz in Europe remains a key priority and an agreement has been reached with a German distributor, with the regulatory processes underway.

Infrastructure investments previously disclosed in support of ECS's new and upgraded Protective Cropping Enclosures (PCEs) are due for completion in October 2025, designed to enhance quality and enable year-round cultivation. The enhanced design PCE's are providing higher yields and improved quality flower.



ECS is well positioned to pursue clear growth opportunities across both domestic and export markets, while also delivering targeted cost efficiencies. The Company has entered FY26 with a clean balance sheet and a solid sales pipeline underpinned by high-quality products with compelling value propositions and strong customer relationships.

Production and manufacturing costs amounted to \$2.6 million. Payments to related parties under Section 6.1 of Appendix 4C totalled \$216K, made to Director-related entities. These comprised \$124K for Director fees, \$64K for pharmaceutical, contract labour and IT consultancy services, and \$28K for company secretarial and registered office services.

Authorised for release by Nan-Maree Schoerie, Managing Director

-ENDS-

Investors and Media

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About ECS Botanics Holdings Ltd

ECS Botanics Holdings Ltd (ASX: ECS) 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 (ACO certified) 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.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

ECS Botanics Holdings Limited

ABN

98 009 805 298

Quarter ended ("current quarter")

30 September 25

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	5,356	5,356
1.2 Payments for		
(a) research and development	(6)	(6)
(b) product manufacturing and operating costs	(2,626)	(2,626)
(c) advertising and marketing	(86)	(86)
(d) leased assets	-	-
(e) staff costs	(2,084)	(2,084)
(f) administration and corporate costs	(389)	(389)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(120)	(120)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	97	97
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	142	142
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(620)	(620)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(620)	(620)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	2,909	2,909
3.6	Repayment of borrowings	(2,591)	(2,591)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	318	318

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	371	371
4.2	Net cash from / (used in) operating activities (item 1.9 above)	142	142

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(620)	(620)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	318	318
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	211	211

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	211	371
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	211	371

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(216)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		
6.1	Director and consulting fees paid to Directors and/or Director related entities	\$ 124,100
	Company secretarial, registered office services	\$ 27,720
	Pharmaceutical & Labour Hire and IT consultancy services fee paid to Director related entities	\$ 64,456

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	5,200	2,510
7.2	Credit standby arrangements	-	-
7.3	Corpay Fast Tracking Payments	150	112
7.4	Total financing facilities	5,350	-
7.5	Unused financing facilities available at quarter end		2,728
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>NAB Corporate Market Loan Facility: The facility limit is currently 5.2M, the interest rate is BBSY + 3.40% (currently 6.9863%). As of 30 September 2025, \$2.51 million had been drawn, leaving \$2.69 million available.</p> <p>NAB Revolving Asset Finance: The facility limit is \$4.80 million, with \$4.11 million drawn as of 30 September 2025, leaving \$690K available for capital expenditure. The Company repays the facility with monthly repayments of approximately \$100K, which will continue to free up the facility for future Capex.</p> <p>NAB Trade Finance Facility: As at 30 September 2025, the remaining trade finance limit of \$500K is intended to cover the costs of the last two poly tunnels. Of this, \$387K had been drawn, leaving \$113K available for use.</p> <p>Corpay Fast Tracking Payments (for Foreign Current Payments) The Corpay facility is designed to expedite foreign currency payments. The facility limit is \$150K, of which \$112K had been drawn as at 30 September 2025. This amount will be fully repaid on 2nd October 2025, allowing the full limit to be available for future foreign currency transactions.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	142
8.2	Cash and cash equivalents at quarter end (item 4.6)	211
8.3	Unused finance facilities available at quarter end (item 7.5)	2,728
8.4	Total available funding (item 8.2 + item 8.3)	2,939
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	<p>If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?</p> <p>Answer: N/A</p>	

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 07 October 2025

Authorised by: The Board of ECS Botanics Holdings Limited
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.