

ECS Botanics Holdings Ltd (ASX:ECS)



ASX Announcement

28 April 2025

Amendment to Third Quarter 2025 Report

ECS Botanics Holdings Ltd (ASX: ECS) ("ECS" or the "Company"), has reissued the Q3 FY25 report to correct an error in the Financial Update section. Cash Receipts from Q2 FY25 were incorrectly reported as Q3 receipts. The Q3 FY25 highlights section correctly stated the Cash Receipts in the initial report.

Authorised for release by Nan-Maree Schoerie, Managing Director

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28 April 2025

Planned transition to B2B + B2C model continues to develop

ECS Botanics Holdings Ltd (ASX: ECS) ("ECS" or the "Company"), a leading medicinal cannabis company, provides an update on activities for the quarter ending 31 March 2025 (Q3 FY25).

Q3 FY25 Highlights:

- Continued rapid growth of the B2C business – Q3 sales of \$2.2 million, up 38% on prior quarter of \$1.6 million (QoQ), and now representing 46% of total sales
- Total quarterly revenue of \$4.8 million, 1% increase on prior quarter (QoQ), and 19% increase on prior corresponding period (pcp)
- Cash receipts of \$4.3 million, a decrease of 9% QoQ, and down 2% on pcp as focus remains on growing B2C sales
- Onboarded 540 prescribers since July 2024, on target to exceed 700 within 12 months of launching B2C brands
- Funded to deliver growth objectives, with NAB increasing ECS's loan facilities to \$5.2 million subsequent to the reporting period

Financial Update

The Company's financial results for Q3 FY25 reflect continued growth in sales of ECS branded products. Following ECS's launch of direct-to-consumer (B2C) sales less than one year earlier, B2C sales increased 38% from Q2 FY25, delivering \$2.2 million and contributing 46% of the total quarterly sales of \$4.8 million. The B2C model sees ECS provide consignment stock to distributors and pharmacies, which requires cash but also allows for higher profit margins and more sustainable growth.

Ongoing investment in establishing ECS's brand equity is now supporting the Company's ability to leverage its Australian grown and organic credentials, along with the unique IP in the VESI|orb delivery system that the Company has licensed. The Company is pleased to advise that after only six months of having a B2C sales force, ECS has moved up into the top 15 brand owners in the industry, according to the latest report issued by pharmaceutical data company Nostradata which encompasses more than 100 brand owners.



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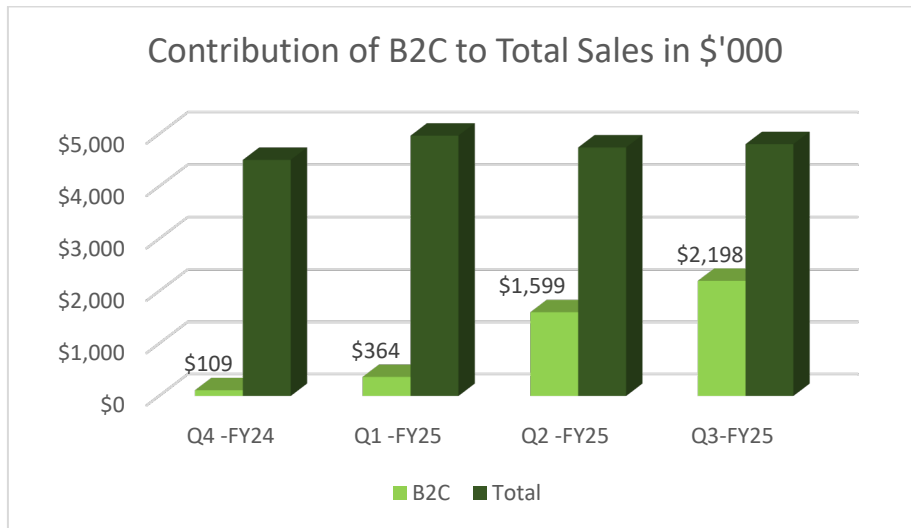


Figure i: B2C channel now represents 47% of total sales

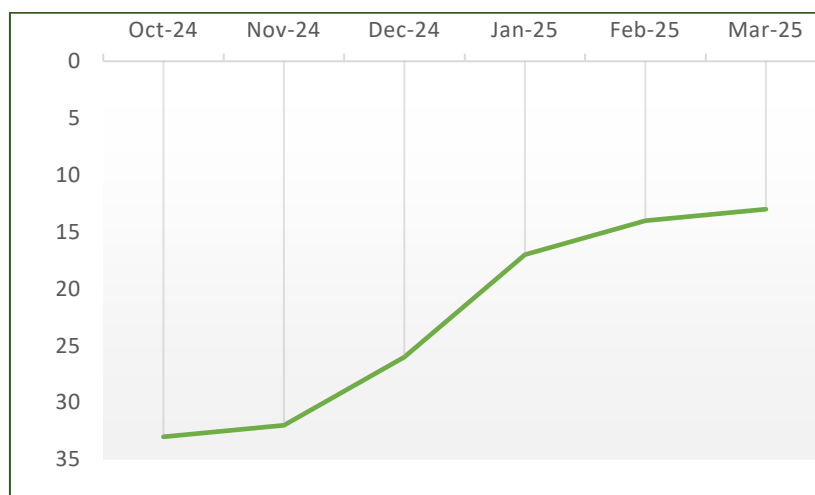


Figure ii: After 6 months of B2C sales, ECS brands are now in the top 15 (out of over 100 brands) according to Nostradata March 2025 report

ECS reported revenue of \$4.8 million, reflecting a slight increase compared to the previous quarter and a 19% increase compared to Q3 FY24. Sales to existing Australian B2B customers have declined however ECS has retained all of its B2B customers albeit at lower sales volumes. Over the quarter ECS added 2 new B2B customers. ECS’s export volumes continue to strengthen with a strong outlook.

Quarterly cash receipts from sales amounted to \$4.3 million, representing a 9% decrease compared to the previous quarter (\$4.7 million) and a 2% decline compared to the same period in FY24 (\$4.4 million). These figures reflect the short-term impact of the Company’s business transition.

The net operating cash outflow for Q3 FY25 was \$1.5 million, a \$0.2 million increase on the prior quarter. Despite a significant increase in labour associated with what will be another record harvest, manufacturing costs reduced slightly and staffing costs remained unchanged due to improved productivity. At the start of the quarter, ECS appointed an experienced cannabis cultivation and production manager from California to manage the Post Harvest operations. His expertise is driving measurable improvements in productivity, yield and quality.



After the end of Q3, ECS successfully increased its corporate loan facility with the National Australia Bank (NAB) from \$3.2 million to \$5.2 million. The existing \$3.2 million loan facility remained undrawn on 31 March 2025. This boost in funding strengthens ECS's working capital position, offering greater flexibility to support the launch of the Terphogz product line.

Operational Update

Outdoor Harvest

Favourable climatic conditions (low rainfall) and improved genetics have resulted in a high-quality outdoor crop this season. In previous years a large portion of ECS's outdoor harvest was classified as biomass for extraction. This has led to an excess of biomass to produce cannabis oils whilst not contributing substantially to the demand for dried flower. The decline in oil sales has also reduced the requirement for biomass for extraction.

The Company has focused this year's cultivation and harvest on producing quality flower and less biomass and the results to date are extremely promising. This will allow ECS to continue to process last year's biomass for oil production and sell this year's flower as both A grade and B grade which will assist in meeting the high demand for ECS's OzSun value range.

Completion of New Protective Cropping Enclosures

Seven of the nine new PCE's are in operation and six PCE's will be used to supply product over winter. A power upgrade by Powercor was required for the winter grow project. The new PCE's continue to deliver approximately 50% more yield as well as producing high quality flower. The final two PCE's are scheduled for completion before being required for production in late August.



Figure iii: New PCE's delivering 50% more yield compared to original PCE's

Figure iv: New genetics which will be released to market in Q4



New Product Launches

Terphogz

In September 2024, ECS entered into an eight-year licensing and marketing agreement with Terphogz to expand their exceptional genetics, product portfolio, and brand beyond the Californian market. Terphogz, a renowned cannabis breeding group from Mendocino County, California, is best known for creating the iconic Original Z variety, which features a unique terpene profile and remains one of the most highly sought-after strains.

ECS has also finalised an agreement with a UK partner to market and distribute Terphogz, with supply expected to commence mid-year. Additionally, late-stage negotiations are underway in Germany and New Zealand, with agreements anticipated to be executed in April following the finalisation of supply contracts. ECS aims to launch Terphogz in Australia via a B2C platform this quarter.

OzSun Oils

Following the success of the launch of OzSun flower as part of the Company's B2C strategy aimed at making medicinal cannabis more accessible, after Easter ECS will launch a new lower-priced product line, OzSun Medicinal Cannabis Oils. These oils will be supplied in larger volumes to cater for patients with chronic illnesses.



Figure v: New value-oriented product line, OzSun Medicinal Cannabis Oils

VESIsorb launch

ECS recently launched medicinal cannabis capsules including VESIsorb® capsules. In February, a leading doctor, Dr Chris Schneider, who is a member of the ECS Medical Advisory Board and a strong advocate of the VESIsorb® delivery system, delivered a presentation supporting the product launch at the United in Compassion Conference in Brisbane. Manufacture of two additional new products, 2.5 mg THC, 20mg CBD soft gel capsules and 5mg THC pastilles is in progress and on schedule, with the products expected to launch in the current quarter.

ECS's Medical Sales Liaison (MSL) team continues to drive rapid adoption of the Company's products, with 540 medical prescribers onboarded since July 2024. This growth trajectory leaves ECS on track to exceed 700 prescribers by May 2025 – 12 months since the team's inception.



Corporate

Production and manufacturing costs amounted to \$3.1 million. Payments to related parties \$221,890 under Section 6.1 of Appendix 4C were made to Director related entities. This comprised \$188,898 for Director fees and \$32,892 for Pharmaceutical and IT consultancy services.

Commenting on the Company's outlook, ECS Managing Director Nan-Maree Schoerie said:

"We're pleased to report that the strength of ECS's position continues to improve as we remain focused on delivering sustainable growth and positive cash flow. Strong quarterly revenue growth in our direct-to-consumer segment demonstrates that the Company is transitioning well from a predominantly B2B business to one with a more balanced model which gives us the platform to achieve a stronger market presence. Our recognition in March as a top 15 B2C brand owner in the industry is a credit to our B2C sales force and their strong initial efforts.

"Subsequent to the end of the quarter, we also gained strong recognition of ECS's competitive advantage by expanding our banking facilities with NAB. These facilities will underpin our international launch of Terphogz, one of the world's most iconic cannabis brands. We are excited by the new export opportunities that our partnership with Terphogz will unlock, along with the potential to further diversify our revenue streams.

"The low-rainfall growing conditions remain optimal for a high-quality outdoor crop this season. In addition, our recent addition of new protective cropping enclosures is giving ECS a significant boost to product yield and quality as well as allowing us to grow through winter. This new infrastructure will support our growing domestic sales pipeline and ensure we can meet rising global demand for our premium-grade medicinal cannabis.

"Over the year ahead, we plan to demonstrate our ability to leverage our low-cost operating model with increased scale and yields to drive cashflow and profitability. The benefits of our strategic shift to a B2C and B2B hybrid model are beginning to materialise, allowing us to deliver improved value for our shareholders from our exceptional farming assets and increasingly recognised brands."

Authorised for release by Nan-Maree Schoerie, Managing Director

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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 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")

31 March 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	4,279	13,401
1.2 Payments for		
(a) research and development	-	(4)
(b) product manufacturing and operating costs	(3,051)	(9,069)
(c) advertising and marketing	(66)	(206)
(d) leased assets	-	-
(e) staff costs	(2,304)	(6,494)
(f) administration and corporate costs	(322)	(1,067)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	5
1.5 Interest and other costs of finance paid	(49)	(147)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	2	8
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,511)	(3,573)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(491)	(2,850)
(d) investments	-	-
(e) intellectual property	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	(491)	(2,850)

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	697	3,626
3.6	Repayment of borrowings	(156)	(323)
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	541	3,303

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,497	3,156
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,511)	(3,573)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(491)	(2,850)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	541	3,303
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	36	36

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	36	1,497
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)	36	1,497

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	(222)
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	\$132,114
	Company secretarial, registered office services	\$ 56,884
	Pharmaceutical and IT consultancy services fee paid to Director related entities	\$32,892

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	3,200	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	3,200	-
7.5 Unused financing facilities available at quarter end		3,200
7.6 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>NAB Corporate Market Loan Facility: The facility limit is \$3.2 million, fully undrawn at 31 March 2025. This interest-only facility matures on 31 July 2027, with no scheduled principal repayments. On 14 April 2025, NAB increased the ECS loan to \$5.2 million to support the Company's growth, particularly in its B2C operations. The interest rate will be the RBA cash rate plus 3.4% drawn/customer margin charged by NAB</p> <p>NAB Revolving Asset Finance The facility limit is \$4.4 million, with \$2.64 million drawn at 31 March 2025, leaving \$1.76 million available for capital expenditure. This facility is repaid on a monthly principal and interest basis. On 14 April 2025, NAB increased the Asset Finance facility limit to \$4.8 million.</p> <p>NAB Trade Finance Facility: The facility limit is \$3.4 million, established to fund the construction of 9 new Protective Crop Enclosures (PCEs). As at 31 March 2025, \$2.07 million has been drawn. Upon completion of construction scheduled at 31 May 2025, this amount will be transferred to the Asset Finance Facility.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,511)
8.2 Cash and cash equivalents at quarter end (item 4.6)	36
8.3 Unused finance facilities available at quarter end (item 7.5)	3,200
8.4 Total available funding (item 8.2 + item 8.3)	3,236
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.14
<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 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
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?	
Answer: N/A	

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: 28 April 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.