

ECS Botanics Holdings Ltd (ASX:ECS)



ASX Announcement

14 January 2026

Q2 FY26 Investor Update ECS Achieves Another Cash Flow Positive Quarter

ECS Botanics Holdings Ltd (ASX: ECS) ("ECS" or the "Company"), a leading medicinal cannabis company, provides the following update on activities and cash flow for the quarter ended 31 December 2025 (Q2 FY26).

Highlights:

- **Positive Operating Cash Flow:** Achieved \$218k in operating cash, a \$1.5m turnaround on the prior year's December quarter.
- **B2C Momentum:** Branded B2C portfolio contributed 65% of revenue, driven by new product launches and broader distribution.
- **Product Innovation:** Launched OzSun sugar-free THC gummies and finalised preparations for AVANI AVA women's health range.
- **Growth Platform Strengthened:** \$1.95m placement completed to support product registrations, inventory build and European expansion.
- **Financial Position:** The Company retains \$5.0 million in cash and available finance, providing flexibility to support growth initiatives.

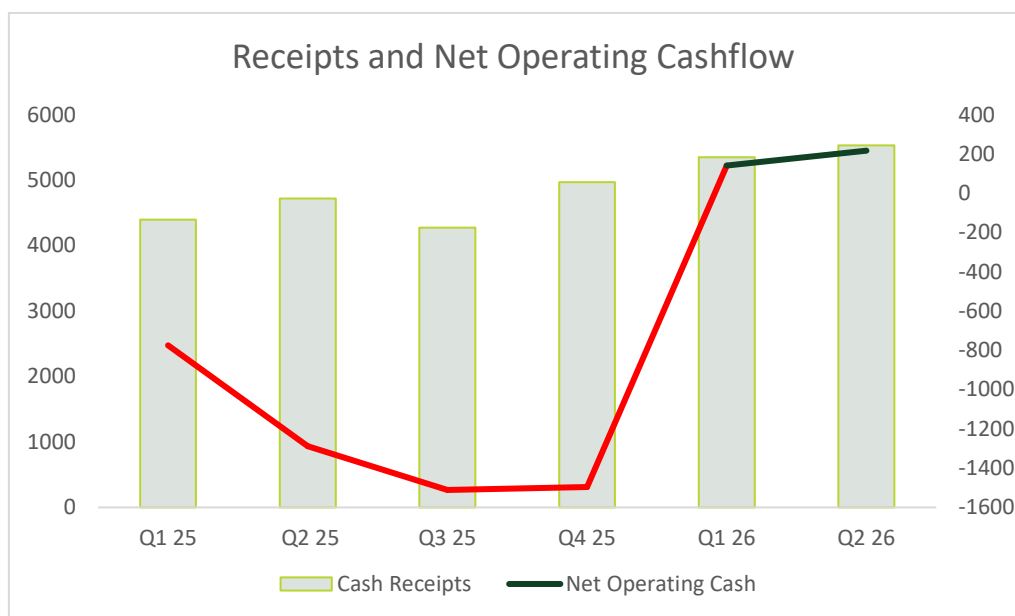
Operational Highlights

Cash receipts from customers increased 17.2% compared to the prior corresponding period (Q2 FY25), and the Company generated positive operating cash flow of \$218k, representing a \$1.5 million turnaround from the December 2024 quarter. This improvement reflects a strong focus on cost management together with the successful execution of ECS's B2C (own-brands direct-to-consumer) strategy, which commenced in early FY25, with the higher gross margin contribution of the branded products.

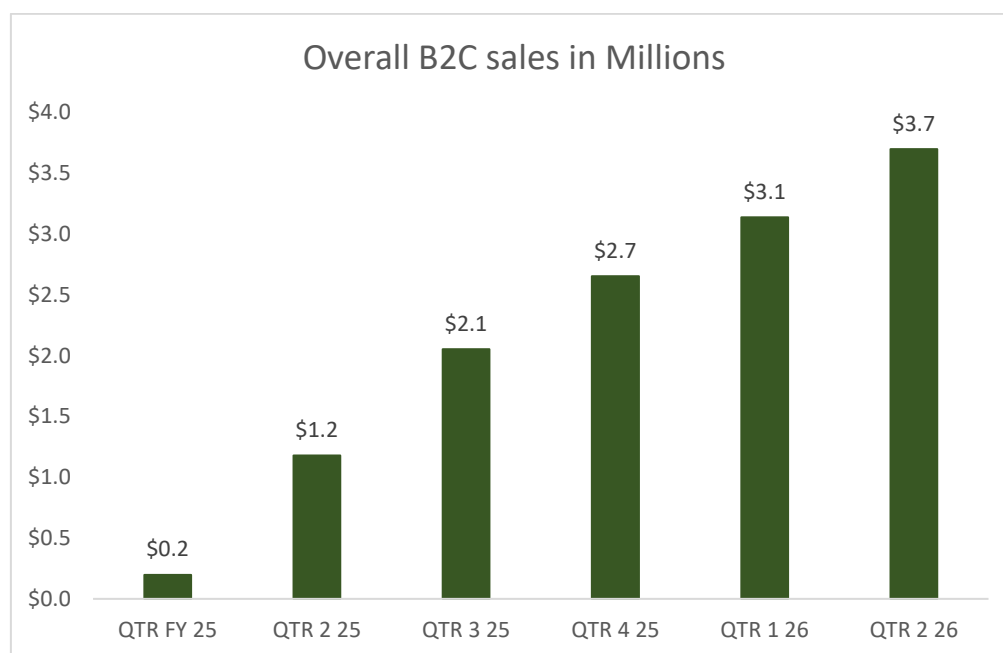
Quarterly revenue was broadly flat quarter-on-quarter at \$5.65 million, with year-on-year quarterly revenue growth of 19%. B2C revenue grew 16% quarter-on-quarter and now represents 65% of the quarterly revenue. Pricing in the domestic market continues to be impacted by imports and heightened local competition to meet the imported price points. ECS's transition to a B2C-led model and diversification into higher-margin finished dose form factors has enabled the Company to remain profitable despite ongoing wholesale price compression.



The chart below shows the extent to which ECS's operating cashflow has improved in recent months as cash receipts have continued to grow.

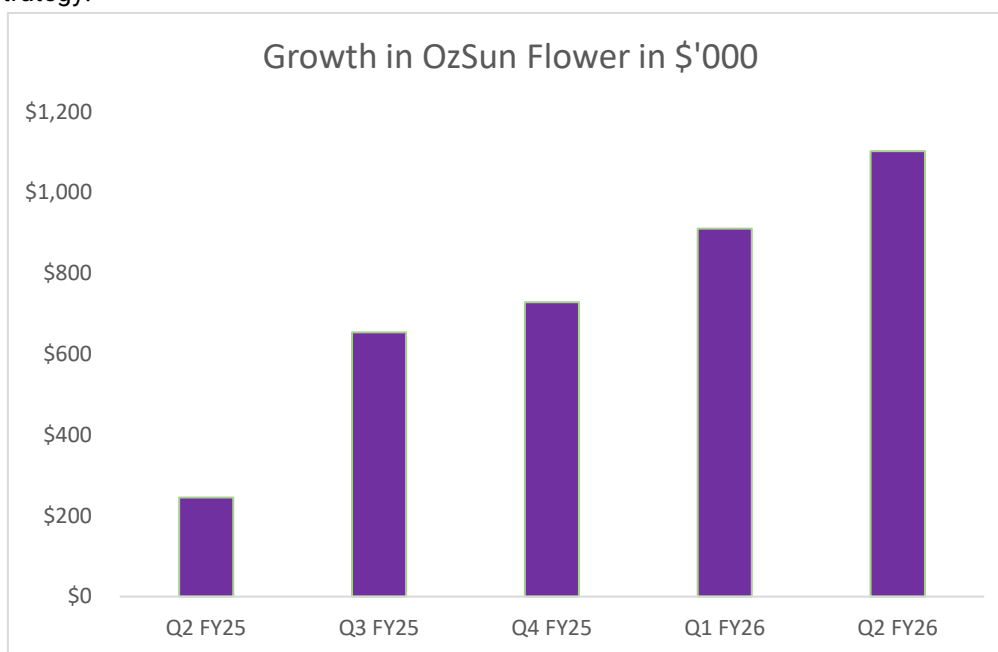


The chart below demonstrates the successful execution of the Company's B2C growth strategy, resulting in direct-to-consumer sales steadily increasing from zero in Q4 FY24 to 65% of group revenue in Q2 FY26.



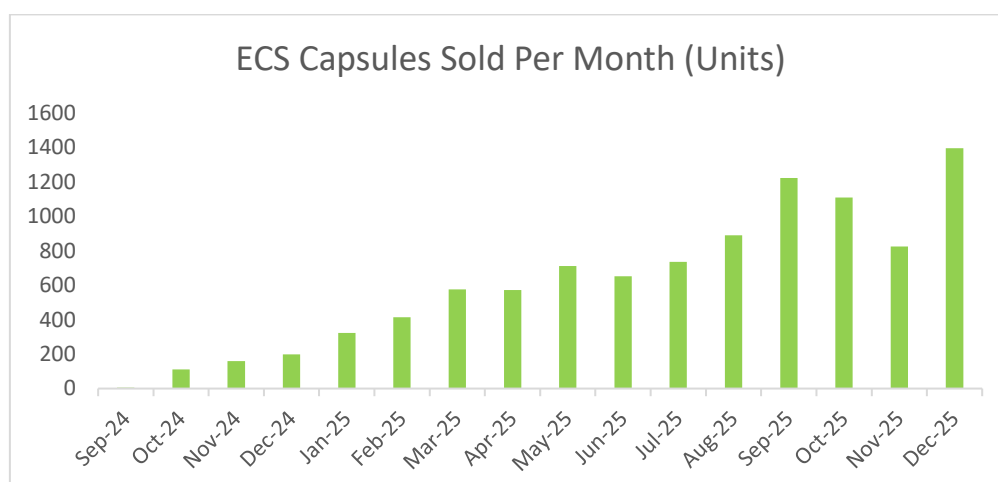


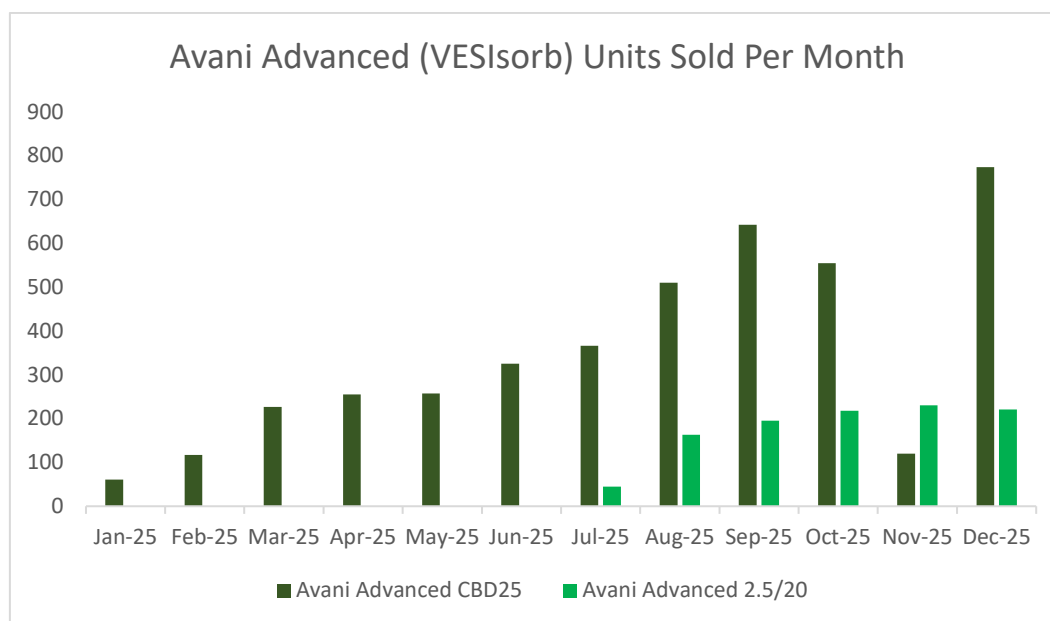
The chart below shows how OzSun flower sales have grown consistently over the past five quarters, demonstrating sustained demand for ECS's value brand and supporting the Company's broader B2C growth strategy.



During October, ECS experienced a temporary stock-out of AVANI Advanced CBD25 (VESIsorb) capsules, primarily due to delays associated with the Company's third-party manufacturing partner. Quality concerns were identified in a batch of VESIsorb gummies produced by the manufacturer and ECS opted not to proceed with their release. The ensuing commercial negotiations extended the manufacturing timeline on the next production run of capsules, contributing to limited capsule availability during October and November. These issues have since been resolved, with December sales of AVANI Advanced CBD25 capsules returning to forecast levels. This is illustrated in the charts below.

The manufacturer is also developing a revised VESIsorb gummy formulation. Given the format's popularity in the US market, ECS expects strong demand once the updated formulation is launched in Australia.





Late in the quarter, the Company launched a THC 25mg and a balanced 30:30 mg THC/CBD gummy under the OzSun brand. These new sugar-free, vegan gummies have been positively received by prescribers and pharmacists for their price point, clean formulation and broad national distribution. A third CBD 50mg gummy was released in early January.

ECS also completed final preparations to launch AVANI AVA, its new women's health brand, with a range of targeted products including THC/CBD pessaries, THC/CBD topical cream, a 22% flower and low-dose THC capsules. These initiatives are enhancing ECS's position in the B2C market, deepening the Company's engagement with prescribers and pharmacists and helping to drive growth across domestic and export channels.

During the quarter, ECS also entered into a national distribution partnership with Burleigh Heads Cannabis Pty Ltd, which has enabled the listing of ECS products on CanView, one of Australia's leading medical cannabis platforms. The aim of the partnership is to significantly expand patient access to ECS's unique formulations, further supporting B2C growth for the Company.

Growth Strategy and Capital Management

In November, ECS successfully completed a \$1.95 million share placement to institutional and professional investors. Proceeds are being deployed in line with the Company's stated strategy, including funding new product registrations, investing in strategic inventory to support growing demand and expanding ECS's distribution footprint, particularly across European markets.

Following the placement and continued operational improvements, ECS enters the second half of FY26 with a strengthened balance sheet and a clear pathway to sustainable positive operating cash flow.



For the purpose of ASX Listing rule 4.7C.3, production and manufacturing costs amounted to \$2.7 million, and payments to related parties under Section 6.1 of Appendix 4C totalled \$192k, made to Director-related entities. These comprised \$130k for Director fees, \$41k for pharmaceutical, contract labour and IT consultancy services, and \$21k for company secretarial and registered office services.

Outlook

With a deepening B2C presence, a growing portfolio of differentiated, patient-focused products and preparations underway for entry into the US market, ECS is well positioned to capitalise on its momentum in the second half of FY26.

Domestically, the Company is focused on deepening penetration within the Australian market through new brand launches, including the AVANI AVA women's health range and its recently launched vegan sugar-free THC gummies. The rollout of these products across national distributors and clinics is expected to broaden ECS's prescriber base and support continued growth in B2C revenue.

Internationally, ECS is executing a disciplined expansion strategy, prioritising key regulatory milestones and product registrations in Europe, with an initial focus on Germany. In parallel, the Company has commenced strategic preparation for possible entry into the US medicinal cannabis market, following recent developments that may ease federal restrictions. ECS believes it is well positioned to act decisively when a viable legal and commercial pathway opens, supported by its EU-GMP accreditation, proprietary high-performing genetics and differentiated product portfolio.

Further updates on the Company's international initiatives, including in Germany and the US, are expected in the current quarter. ECS remains focused on delivering sustainable, profitable growth, and on building a globally competitive, patient-focused medicinal cannabis platform.

ECS Managing Director, Nan-Maree Schoerie, said:

"We are continuing to deliver on our strategy of focused, disciplined growth. It's pleasing to see this reflected in positive operating cash flow for the December quarter with steady demand across our product range. With the launch of AVANI AVA and with further growth in our B2C channels, we're entering the new year with a clear focus on building brand equity, winning market share and expanding into new, high-value segments."

Authorised for release by Nan-Maree Schoerie, Managing Director

-ENDS-

Investors and Media

Tim Dohrmann, NWR Communications

P: +61 468 420 846

E: tim@nwrcommunications.com.au



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 December 25

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	5,534	10,890
1.2 Payments for		
(a) research and development	(20)	(26)
(b) product manufacturing and operating costs	(2,699)	(5,325)
(c) advertising and marketing	(82)	(168)
(d) leased assets	-	-
(e) staff costs	(2,093)	(4,177)
(f) administration and corporate costs	(286)	(675)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(139)	(259)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	3	100
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	218	360
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(344)	(964)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(344)	(964)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,950	1,950
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	(134)	(134)
3.5	Proceeds from borrowings	1,325	4,234
3.6	Repayment of borrowings	(1,922)	(4,513)
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	1,219	1,537

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	211	371
4.2	Net cash from / (used in) operating activities (item 1.9 above)	218	360

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(344)	(964)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,219	1,537
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,304	1,304

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	1,304	211
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)	1,304	211

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	(192)
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	\$ 130,319
	Company secretarial, registered office services	\$ 20,790
	Pharmaceutical & Labour Hire and IT consultancy services fee paid to Director related entities	\$ 41,338

<p>7. Financing facilities <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></p>	<p>Total facility amount at quarter end \$A'000</p>	<p>Amount drawn at quarter end \$A'000</p>
7.1 Loan facilities	5,200	1,684
7.2 Credit standby arrangements	-	-
7.3 Corpay Fast Tracking Payments	150	-
7.4 Total financing facilities	5,350	-
7.5 Unused financing facilities available at quarter end		3,666
<p>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> <div style="border: 1px solid black; padding: 5px;"> <p>NAB Corporate Market Loan Facility: The facility limit is currently 5.2M, the interest rate is BBSY + 3.40% (currently 7.0004%). As of 31 December 2025, \$1.69 million had been drawn, leaving \$3.51 million available.</p> <p>NAB Revolving Asset Finance: The facility limit is \$4.80 million, with \$4.64 million utilised as of 31 December 2025, leaving \$160K available. The Company repays the facility with monthly repayments of approximately \$115K, which will continue to free up the facility for future Capex.</p> <p>NAB Trade Finance Facility: As at 31 December 2025, the remaining limit on the NAB Trade Finance Facility is \$1.1 M, with \$223 K already drawn to fund the new vault. The facility is expected to be closed around the end of January 2026, after completing the remaining work on the new vault, with an estimated remaining cost of \$120 K.</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 and is fully available if required</p> </div>		

<p>8. Estimated cash available for future operating activities</p>	<p>\$A'000</p>
8.1 Net cash from / (used in) operating activities (item 1.9)	360
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,304
8.3 Unused finance facilities available at quarter end (item 7.5)	3,666
8.4 Total available funding (item 8.2 + item 8.3)	4,970
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<p><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></p>	
<p>8.6 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> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>Answer: N/A</p> </div>	

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: 14 January 2026

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.