

ECS Botanics Holdings Ltd (ASX:ECS)



ASX Announcement

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ECS Botanics Delivers Return to Profitability and Positive Cash Flow in H1 FY26

ECS Botanics Holdings Ltd (ASX: ECS) ("ECS" or the "Company"), a leading medicinal cannabis company, today releases its Half Year Financial Report for the six months ended 31 December 2025 ("H1 FY26").

Highlights:

- **Revenue of \$11.34 million, up 16.5% on PCP**
- **Profit before tax of \$0.04 million (PCP: loss of \$1.98 million)**
- **EBITDA of \$0.8 million reflecting improved margins and operating leverage**
- **Two consecutive quarters of positive operating cash flow**
- **Branded B2C portfolio now ~60% of group revenue**
- **Major infrastructure expansion completed, enabling 12-month production**
- **Investor webinar at 11:00am AEDT Wednesday 4 March 2026. [Click here to register](#)**

The first half of FY26 marks a clear inflection point for ECS, with the Group returning to profitability, generating positive EBITDA and delivering consecutive quarters of positive operating cash flow. These outcomes reflect the cumulative impact of strategic initiatives implemented over the past two years, repositioning ECS as a more diversified, brand-led and increasingly cash-generative medicinal cannabis business.

Financial Performance

Revenue for the half year increased 16.5% to \$11.34 million (PCP: \$9.73 million), driven by continued expansion of the Group's branded portfolio, broader national distribution and increased penetration of finished dose formats, alongside contributions from B2B and export channels.

ECS delivered a profit before tax of \$0.04 million, compared to a loss of \$1.98 million in the prior corresponding period. EBITDA improved materially to \$0.8 million, reflecting stronger gross margins, improved operating leverage and disciplined cost control.

The Group recorded positive operating cash flow in both the September and December quarters, marking a significant turnaround from the prior year (PCP operating cash outflow: \$1.18 million for the half). This

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demonstrates stronger earnings quality and improved cash conversion following the completion of major capital investments.

An \$885k non-cash impairment has been recognised against deferred tax assets, reducing the carrying value of those assets in line with accounting standards. This does not impact EBITDA or operating cash flow for the period.

Strategic Execution and Revenue Mix Shift

The Australian medicinal cannabis market remained highly competitive, with dried flower pricing declining by more than 20% over the past 12 months primarily due to low-cost imports. ECS mitigated pricing pressure through productivity gains and accelerated growth in branded products.

By the end of the period, branded direct-to-consumer (B2C) products accounted for approximately 60% of total revenue, reflecting ECS's successful transition from a predominantly wholesale supplier to a vertically integrated, brand-led operator capturing retail margin.

The OzSun value range continued to gain traction, including the launch of sugar-free THC and balanced THC/CBD gummies late in the half. The AVANI Advanced range maintained strong prescriber engagement, supported by education around VESIsorb technology and bioavailability advantages.

During the period, ECS also completed preparations for the launch of AVANI AVA, a dedicated women's health brand targeting a growing and underserved segment of the market. AVANI AVA is expected to contribute to B2C growth in the second half of FY26 as distribution expands.

Infrastructure and Operational Leverage

The Group completed construction and commissioning of expanded Protected Cropping Enclosures (PCEs), including underfloor heating and lighting systems, enabling 12-month production capacity. Additional drying and temperature-controlled curing facilities were also completed.

This infrastructure upgrade concludes a multi-year capital investment phase and positions ECS to increase A-grade output, improve inventory planning and support both domestic and export growth without significant incremental capital expenditure.

Operational efficiency improved during the half year, with employment costs declining 5.2% year-on-year despite award wage increases, while revenue increased 16.5% over the same period. This demonstrates improved operating leverage across the platform.

Balance Sheet and Capital Management

During the half year, ECS completed a \$1.95 million capital raising (before costs), strengthening the balance sheet at a pivotal stage of its growth cycle. Proceeds are being applied toward product registrations, inventory build and international expansion initiatives, particularly in Europe.



As at 31 December 2025, the Group had cash of \$1.31 million and access to a \$5.2 million NAB Corporate Markets Loan Facility of which \$1.68m has been drawn, leaving total funds available for use of \$4.8M. This provides funding flexibility to support working capital and growth initiatives.

Outlook

In the first half of FY26, the Group demonstrated tangible progress in repositioning ECS as a more resilient and higher-quality earnings business, with:

- Positive earnings and cash flow
- A diversified branded portfolio
- Completed infrastructure expansion
- A strengthened balance sheet
- International expansion initiatives underway

ECS enters the second half of FY26 with improved financial resilience and a clear pathway to disciplined, sustainable growth.

ECS Managing Director, Nan-Maree Schoerie, said:

"The first half of FY26 represents a clear inflection point for ECS. During the period, the Company delivered profitability, achieved consecutive cash-flow-positive quarters and completed the key infrastructure investments required to support scalable growth. In a challenging market environment, the strategic shift toward branded products and improved margin capture is delivering measurable outcomes. With major capital expenditure largely complete, ECS is well positioned to build on this momentum in both Australian and international markets."

Results webinar

ECS will host an investor webinar with Managing Director, Nan-Maree Schoerie, at 11.00am AEDT on Wednesday 4 March 2026 to discuss the results.

Register for the webinar via the link below:

https://us02web.zoom.us/webinar/register/WN_ISVfcPXCTbKmhRU7Zo3pbQ

Authorised for release by Nan-Maree Schoerie, Managing Director

-ENDS-

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About ECS Botanic Holdings Ltd

ECS Botanic 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.

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