ECS Botanics Holdings Ltd (ASX:ECS)

ASX Announcement

19 October 2026

Fifth Consecutive Positive Operating Cash Flow Quarter as Branded Sales Grow 24% YoY

ECS Botanics Holdings Ltd (ASX: ECS) ("ECS" or the "Company"), a leading EU GMP certified medicinal cannabis products company, provides the following activities and cash flow update for the quarter ended 30 September 2026 (Q1 FY27).

Highlights:

- **Fifth consecutive quarter of positive operating cash flow, delivering $243k in Q1 FY27 from customer receipts of $5.26 million. Excluding the ATO's transition to payday super, normalised operating cash flow was $463k**
- **Sales increased 13.1% quarter-on-quarter (QoQ) to $5.49 million**
- **Branded B2C sales increased 23.9% year-on-year (YoY) and 13.5% QoQ to $3.91 million, representing approximately 71% of quarterly sales**
- **OzSun flower sales increased 44.5% YoY and 18.2% QoQ to $1.33 million, continuing the strong growth of ECS's value-focused Australian-grown flower portfolio**
- **AVANI capsule sales increased 35.7% YoY with ECS's exclusive higher bioavailable VESIsorb infused products representing 52.6% of such sales**
- **Executed Distribution and Manufacturing Agreement with Curaleaf Laboratories to launch six ECS-branded Australian-grown flower products in the UK, with initial supply targeted for November 2026**
- **Regulatory approval for first flower registration in Poland, enabling commercial supply to customer Koyi, with first supply order expected in Q2 FY27**
- **Quarter-end cash of $1.77 million and undrawn corporate loan facilities of $2.72 million provided total available funding of approximately $4.49 million**

ECS Botanics Managing Director, Nan-Maree Schoerie, said:

> *"ECS has started FY27 with another quarter of positive operating cash flow while continuing to grow the parts of the business that we believe will create the greatest long-term value.*
>
> *"What's particularly encouraging is that ECS is growing while the broader tracked market has contracted. Based on industry data our tracked sales increased 11.9% quarter-on-quarter compared with a 1.9% decline in the broader tracked market, while ECS's branded*

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B2C sales are up 50% over the 12 months to September. We're also seeing continued growth in capsules and increasing adoption of our differentiated AVANI Advanced range.

"The next phase of our strategy is increasingly about using the cultivation and manufacturing platform together with our IP to grow our brands in Australia and internationally. Our agreement with Curaleaf Laboratories provides a pathway to launch six ECS-branded products into the UK, while the approval of our first Polish flower registration means we can now progress commercial supply into another European market.

"We remain focused on execution. Our priorities are to sustain positive cash generation, continue growing the branded portfolio and convert our international opportunities into recurring commercial revenue."

Financial and Operational Performance

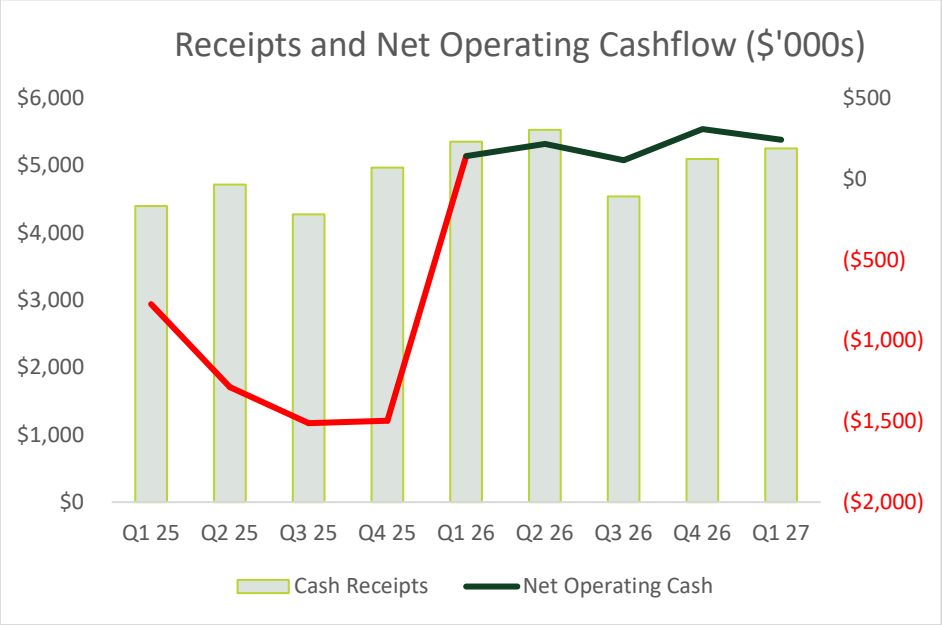
ECS delivered positive operating cash flow of $243k during Q1 FY27, marking the Company's fifth consecutive quarter of positive operating cash flow. Excluding the timing impact of the ATO's transition to payday super, normalised operating cash flow would have been positive $463k.

Customer receipts were $5.26 million, an increase of 3.1% from $5.10 million in the June quarter and broadly consistent with the $5.36 million recorded in the prior corresponding period.

Reported net operating cash flow increased 71% compared with the $142k generated in Q1 FY26. Excluding the timing impact of the ATO's transition to payday super, normalised operating cash flow would have been $463k, representing a 226% increase on the prior corresponding period.

Total sales for the September quarter were $5.49 million, an increase of 13.1% from $4.85 million in the June quarter. Total sales were 3.5% below the prior corresponding period, with strong branded B2C growth continuing to offset the reduced contribution from lower-margin B2B channels.

During the quarter, ECS invested $33k in property, plant and equipment. Net financing cash outflow was $141k, comprising $142k of proceeds from borrowings and $283k of repayments. Closing cash increased from $1.70 million at 30 June 2026 to $1.77 million at 30 September 2026.



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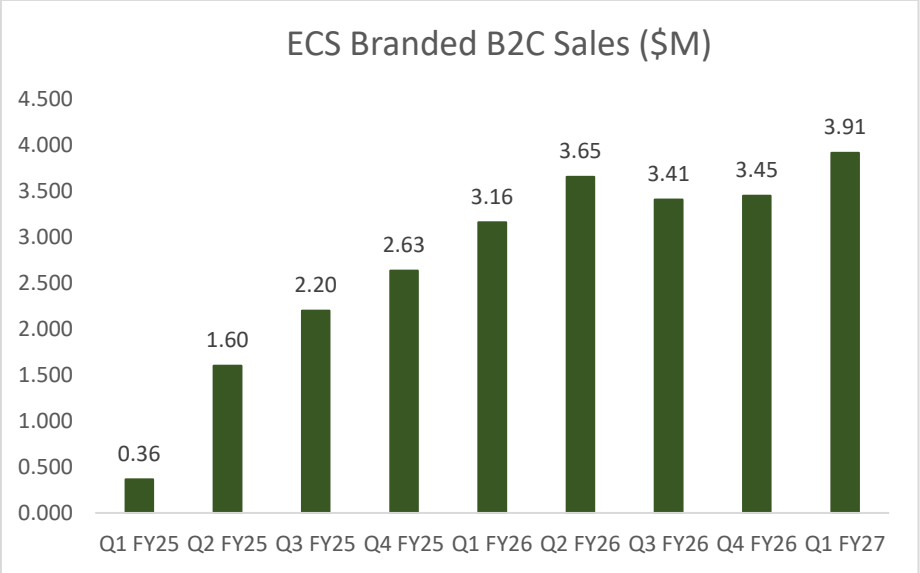
Branded Product Strategy

Branded B2C sales increased to $3.91 million during Q1 FY27, up 13.5% from the June quarter and 23.9% from the prior corresponding period.

Branded B2C sales represented approximately 71% of total quarterly sales, consistent with ECS's strategy of increasing the contribution from its own product portfolio, capturing a greater share of the downstream value chain and reducing its reliance on lower-margin wholesale flower markets.

B2B sales were $1.58 million during the quarter, increasing 12.1% QoQ but remaining 37.7% below the prior corresponding period. The continued growth in B2C sales has substantially offset this reduction while further improving the Company's revenue mix. ECS continues to maintain established domestic and international B2B relationships, with selected export markets expected to contribute an increasing share of the channel over time.



Product Portfolio Growth

Capsules and AVANI Advanced incorporating VESIsorb® Technology

ECS is building a differentiated position in medicinal cannabis capsules through AVANI Advanced products incorporating VESIsorb® technology, a patented delivery system designed to improve the absorption and bioavailability of poorly water-soluble compounds such as cannabinoids.

VESIsorb is supported by published human clinical trials demonstrating materially improved cannabidiol bioavailability compared with conventional oil-based formulations. This clinical validation provides ECS with an important point of differentiation for the AVANI Advanced range as interest in enhanced-absorption cannabinoid products continues to grow.

ECS was an early mover in bringing this clinically supported technology to the Australian medicinal cannabis market through its AVANI Advanced range. Sales of ECS's AVANI capsule range increased by 35.7% YoY with the AVANI Advanced VESIsorb® products representing 52.6% of AVANI capsule sales.

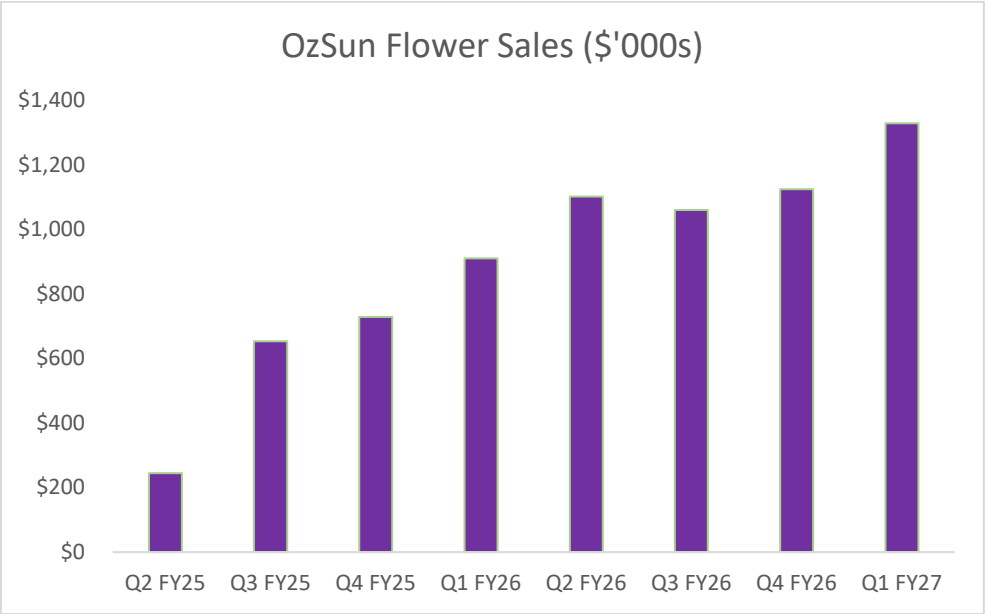
The continued adoption of capsules and AVANI Advanced supports ECS's strategy of growing differentiated finished-dose formats alongside its broader capsule portfolio.

OzSun Flower

OzSun continued to strengthen its position within ECS's branded portfolio during the quarter. OzSun flower sales increased to $1.33 million in Q1 FY27, representing growth of 18.2% QoQ and 44.5% YoY.

The performance reflects continued demand across the OzSun flower range and supports the Company's strategy of offering Australian-grown products across a broad price ladder. This includes Aussie Smalls, which enables ECS to commercialise smaller flower through a branded value product rather than directing it towards lower-value applications.

The continued growth of OzSun also provides a foundation for ECS's international branded strategy, with the brand already launched in Germany and further international opportunities being pursued.



OzSun All-In-One Vapes

During the quarter, ECS expanded the OzSun portfolio with the launch of its first All-In-One vape products.

The two 2g products were introduced to the Australian market during August, broadening the OzSun portfolio beyond flower and providing ECS with exposure to an emerging product format.

Initial sales during the launch period have been encouraging, with both new OzSun All-In-One products performing ahead of the Company's internal sales expectations for the quarter.

The products are supplied under a capital-efficient consignment arrangement, with no material capital expenditure required from ECS.

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Australian Market Performance

Independent market data from NostraData shows that ECS continued to strengthen its relative position during the quarter despite challenging conditions across the Australian medicinal cannabis market.

Within NostraData's participating pharmacy panel, ECS tracked sales increased 11.9% quarter-on-quarter during Q1 FY27, while sales value across the broader tracked panel declined 1.9%.

NostraData captures sales through a participating pharmacy panel and does not represent the entire Australian medicinal cannabis market. However, the data provides useful independent context for ECS's continued branded sales growth and improving relative market position.

Commercial and International Expansion

Germany

During July, ECS provided an update on regulatory developments affecting the German medicinal cannabis market following new Good Manufacturing Practice guidance issued by Germany's Hesse State Office for Health and Care.

The guidance reinforces requirements for validated GMP-compliant processing across critical post-harvest stages and tighter microbiological specifications.

ECS believes these developments reinforce the strategic rationale for its investment in an integrated cultivation and GMP manufacturing platform and support the Company's longer-term opportunity in Germany and other highly regulated European markets.

ECS continues to work with its German partners to support the expansion of Australian-grown product into the market while maintaining the required quality and regulatory standards.

Poland – Subsequent Event

Subsequent to quarter end, ECS received confirmation that the Polish registration for its first medicinal cannabis flower product had been approved, completing the regulatory registration required for the product to enter the market.

The approval represents a material progression from the position reported at 30 June 2026, when the product had received initial regulatory approval but remained subject to final registration steps.

ECS is now able to progress commercial supply of the product to Koyi, an established Polish customer, with first supply order expected during Q2 FY27. A second product registration remains in progress.

The Polish market forms part of ECS's strategy of selectively expanding its Australian-grown product portfolio into international markets through established local partners.

United Kingdom – Curaleaf Laboratories – Subsequent Event

On 7 October 2026, ECS announced that it had entered into a Distribution and Manufacturing Agreement with Curaleaf Laboratories to support the launch and distribution of ECS-branded medicinal cannabis products in the United Kingdom.

The initial portfolio comprises six ECS-branded Australian-grown medicinal cannabis flower products. ECS will supply flower in bulk to the UK, with Curaleaf Laboratories undertaking local manufacturing into ECS-branded 10g pouches and distribution through its established UK channels.

The agreement provides ECS with direct exposure to product sell-through while leveraging Curaleaf Laboratories' existing UK manufacturing, regulatory and distribution infrastructure.

Initial supply is targeted for November 2026, subject to completion of product registrations, permits and other applicable regulatory requirements. The agreement has an initial two-year term, is non-exclusive and does not contain minimum purchase commitments.

The UK agreement represents another step in ECS's international branded product strategy following the launch of its product brand in Germany and complements the Company's developing commercial presence in New Zealand and Poland.

FY26 Results and Investor Engagement

During the quarter, ECS released an updated investor presentation and its FY26 financial results.

The Company continues to engage with existing and prospective investors. Managing Director Nan-Maree Schoerie is scheduled to present at the TIP Group annual investor conference in Melbourne on 21 October 2026.

ECS has also lodged its Notice of Annual General Meeting, with the AGM to be held in Melbourne on 18 November 2026, providing a further opportunity for shareholders to engage with the Company and discuss its FY27 priorities and progress.

Financial Position

ECS ended the quarter with cash and cash equivalents of $1.766 million.

The Company's $5.2 million NAB Corporate Market Loan facility had $2.479 million drawn at 30 September 2026, leaving $2.721 million undrawn. Together with cash on hand, this provided total available funding of approximately $4.487 million at quarter end.

With major infrastructure investment largely complete, ECS remains focused on disciplined capital management while selectively investing in initiatives that support branded growth, international expansion and improved utilisation of its existing platform.

For the purpose of ASX Listing Rule 4.7C.3, product manufacturing and operating costs totalled approximately $2.105 million during the quarter.

Payments to related parties and their associates under section 6.1 of Appendix 4C totalled approximately $180k. These comprised approximately:

- $122k in director and consulting fees and superannuation
- $35k for company secretarial, registered office and finance management services
- $23k for pharmaceutical and IT consultancy services

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Outlook

With its major infrastructure investment phase largely complete, the Company's priorities for the remainder of FY27 are to continue growing branded B2C sales in Australia, build on the growth of OzSun and ECS's differentiated finished-dose products, execute the planned UK launch with Curaleaf Laboratories, commence commercial supply into Poland, expand export revenue across existing international markets, increase asset utilisation and production efficiency and maintain disciplined cost and capital management.

ECS believes its combination of Australian cultivation, integrated GMP manufacturing, established and newly released branded products and growing international distribution relationships provides a strong platform from which to pursue continued growth.

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 based in north-west 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. Licensed by the Australian Therapeutic Goods Administration to manufacture GMP-certified products to PIC/S-equivalent standards, ECS has become a leading provider of high-quality, affordable medicinal cannabis products to Australian and select international markets.

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 2026

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	5,258	5,258
1.2	Payments for		
	(a) research and development	(38)	(38)
	(b) product manufacturing and operating costs	(2,106)	(2,106)
	(c) advertising and marketing	(126)	(126)
	(d) leased assets	-	-
	(e) staff costs	(2,147)	(2,147)
	(f) administration and corporate costs	(485)	(485)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(113)	(113)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**243**	**243**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(33)	(33)
	(d) investments	-	-
	(e) intellectual property	-	-

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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**	**(33)**	**(33)**

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	142	142
3.6	Repayment of borrowings	(283)	(283)
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**	**(141)**	**(141)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,697	1,697
4.2	Net cash from / (used in) operating activities (item 1.9 above)	243	243

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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)	(33)	(33)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(141)	(141)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**1,766**	**1,766**

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	1,766	1,697
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)**	**1,766**	**1,697**

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	(180)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

6.1 Payments to related parties during the quarter comprised:

Director and consulting fees and superannuation: $122,188

Company secretarial, registered office and finance management services: $34,650

Pharmaceutical and IT consultancy services: $22,712

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7.	Financing facilities *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.*	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
7.1	Loan facilities	5,200	2,479
7.2	Credit standby arrangements	-	-
7.3	Other (provide details)	-	-
7.4	**Total financing facilities**	5,200	2,479
7.5	**Unused financing facilities available at quarter end**		2,721

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.

NAB Corporate Market Loan Facility

The facility under ECS Botanics Holdings Ltd has a limit of $5.2 million and is available for working capital purposes. Interest is charged at BBSY plus a margin of 3.40%, with an effective rate of 7.9942% per annum from 30 September 2026. At 30 September 2026, $2.479 million was drawn and $2.721 million remained available.

The facility has a review/expiry date of 31 October 2027 and is reviewed annually to assess its suitability against business forecasts, current performance and expected drawings. NAB has confirmed that the annual review does not indicate an intention to close the facility.

NAB Revolving Asset Finance

The facility under ECS Botanics MC Pty Ltd has a limit of $4.8 million. At 30 September 2026, $4,193,927 was drawn and $606,073 remained available for future capital expenditure. Monthly repayments of approximately $120,000 progressively restore borrowing capacity under the revolving facility.

Following its annual review, NAB confirmed a 12-month extension of the revolving leasing limit to 31 July 2027.

8.	Estimated cash available for future operating activities	$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	243
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,766
8.3	Unused finance facilities available at quarter end (item 7.5)	2,721
8.4	Total available funding (item 8.2 + item 8.3)	4,487
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	**N/A**

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.

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: 19 October 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.

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