

ASX ANNOUNCEMENT

ECS Botanics Holdings Ltd (ASX:ECS)

23 February 2022



Half Year Financial Report: Increasing sales drives revenue growth

- Revenue of \$2,418,713 highlights a 312% increase on the prior corresponding period ("PCP") (H1 FY2021: \$586,622)
- Record result underpinned by strong, ongoing demand for medicinal cannabis for medicinal cannabis products
- Loss after income tax \$2,728,852 decreased by 10% on the PCP – despite significant increase in inventory and ongoing scale up of operations
- Cash balance of \$7,146,136 at the end of the period provides financial flexibility
- Multiple growth initiatives underway with sales expected to increase across remainder of FY2022 and beyond
- Total tangible assets were \$19,361,667 made up of Cash \$7,146,136, farm lands and building, plant and equipment in Tasmania and Victoria, \$8,348,975, Inventories \$2,069,855 and Trade Receivables \$1,269,457. ECS has only minor debt \$20,753 being a motor vehicle lease liability.

ECS Botanics Holdings Ltd (ASX: ECS) ("ECS" or the "Company"), a leading medicinal cannabis and hemp business, is pleased to provide the following update on its financial progress for the six-month period ended 31 December 2021 ("H1 FY2022").

Total revenue for the half was \$2,418,713, a 312% increase on the prior corresponding period ("PCP") (H1 FY2021: \$586,622). The significant rise in revenue was driven by strong demand for the Company's cannabis oil and dried flower in Australia and international markets, as well as increased sales through ECS' hemp food and wellness division.

The Company's loss after income tax for the period was \$2,728,852, which is a 10% decrease on the PCP.

Costs of goods sold increased to \$1,656,344 from \$577,976 on the PCP, due to the scale up in production of medicinal cannabis products.

Totals costs also included \$698,188 associated with inventory write offs, linked to ECS' focus on exceptionally high quality standards. We believe there may have an alternative use for this product, and if so we may recognise the benefit in subsequent reporting periods.

The Company's compliance and regulatory expenses increased slightly, due to work undertaken with the Office of Drug Control, Therapeutic Goods Administration (TGA) and Department of Health. The ongoing work with regulatory bodies has allowed ECS to broaden its operations and increase output from its current harvest. Furthermore, wage and superannuation costs rose, reflecting the appointment of an additional 11 staff to assist in the Company's ongoing scale up.

ECS held cash and cash equivalents of \$7,146,136 at the end of the half. This provides the Company with considerable financial flexibility to advance its growth trajectory and accelerate the supply for its medicinal cannabis and hemp products. The Company will also utilise capital to further scale its post-harvest production capacity.



Management commentary:

Managing Director, Alex Keach said: *"The significant increase in revenue during the first half highlights the strong demand that ECS continues to witness for its high quality GMP Cannabis products quality, as well as our range of hemp food and wellness products.*

"ECS is experiencing strong demand for its products, and as we have a quality sales team and strong production base we are expecting revenues to continue their upward trajectory."

-ENDS-

About ECS Botanic Holdings Ltd

ECS Botanic Holdings Ltd is a leading medicinal cannabis and hemp business. The Company owns farms and medicinal cannabis facilities in Tasmania and Victoria for the cultivation, processing, and manufacturing of medicinal cannabis. ECS manufactures to EU GMP standards and also has the necessary licences and partnerships to cultivate and manufacture a range medicinal cannabis oil and dry flower products. ECS has a hemp food and wellness business, supplying both the wholesale and retail market across Australia. ECS' core focus is scale and low-cost production, without compromising quality.

For further information, please contact:

Alexander Keach, Managing Director

info@ecs-botanics.com

Authorised on behalf of ECS by Alex Keach, Managing Director