



FY24 HALF YEAR RESULTS PRESENTATION

ECS BotaniCS Holdings Ltd

A large-scale organic cultivator and manufacturer
of GMP medicinal cannabis products

ASX : ECS

6 March 2024

H1 FY24 Financial Highlights

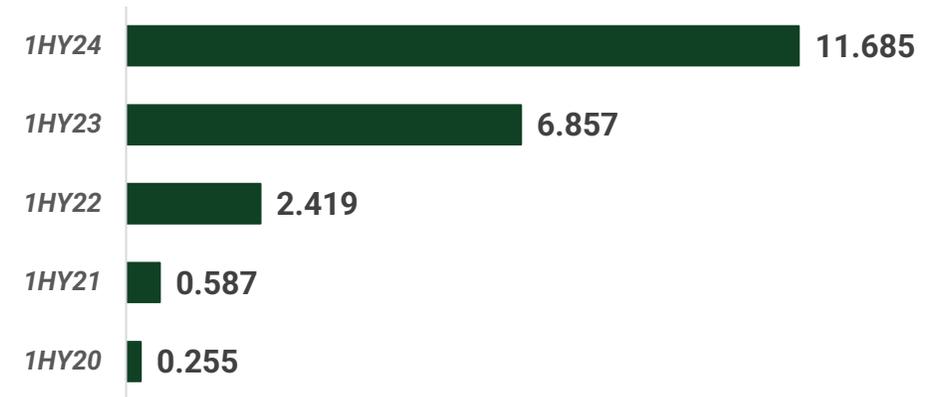
Record revenue and profitable

- ✓ Record Revenue up 70% on previous corresponding period (PCP)
- ✓ EBITDA of \$1.9m, up from \$1.0 m loss in PCP
- ✓ Profitable operations, with NPAT of \$1.2m (H1 FY23: loss of \$1.4m)
- ✓ Positive operating cash flow for the half of \$0.6m, whilst continuing to invest in business expansion

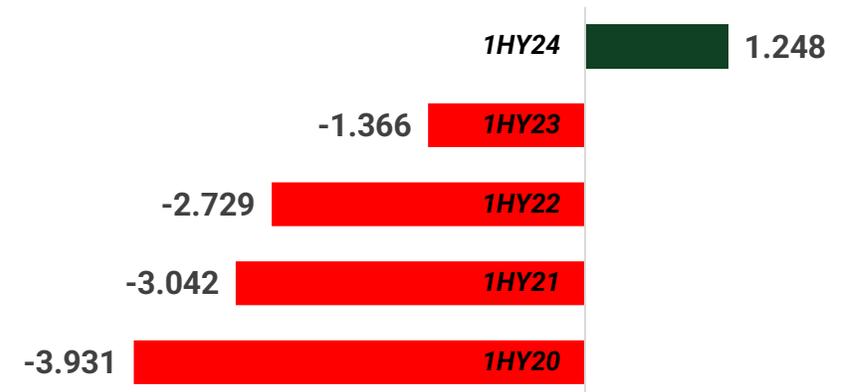
Capital raise announced in Feb 2024 to fund further expansion to meet demand

- ✓ \$4.0m Placement completed at \$0.022 per share, undertaken by Bell Potter Securities
- ✓ Funded to significantly increase production, expand exports and introduce own B2C brand

Total Revenue vs PCP in \$ millions



NPAT vs PCP in \$ millions





H1 FY24 Financial Results: Balance Sheet & Cash flow

Strong balance sheet strengthened with capital raise

- Significant investment in the establishment of 25,000m2 (60% increase) new outdoor fields including irrigation and processing facilities
- Cash balance of \$2.6 million
- NAB facility of \$2 million which remains undrawn
- Additional \$4 million raised via placement in February 2024 (post-balance sheet)

Generating positive operating cash flows

- Receipts from customers up 68% on PCP
- Positive net operating cash flow for the half of \$0.6m

| BALANCE SHEET | 31-Dec-23 | 30-Jun-23 |
|-------------------------------|-------------|-------------|
| Cash | 2.6 | 2.5 |
| Total Assets | 30.5 | 26.1 |
| Current financial liabilities | (6.3) | (3.7) |
| Total liabilities | (7.0) | (3.9) |
| Net assets | 23.5 | 22.2 |

| CASH FLOW | 31-Dec-23 | 30-Jun-23 |
|---|--------------|------------|
| Receipts from customers | 10.5 | 6.2 |
| Net cash from operating activities | 0.6 | 0.4 |
| Net cash from investing activities | (1.1) | (0.04) |
| Net cash from financing activities | 0.5 | 0.3 |
| Net increase in cash and cash equivalents | 0.04 | 0.67 |
| Cash and cash equivalents at the end of the year | 2.6 | 2.5 |

H1 FY24 Operational Highlights

Growing order book

- ✓ Major long-term Australian and International supply agreements executed bringing total to ~\$60m over 18 months
- ✓ Trial shipment to German partner Ilios Santé completed
- ✓ Strong demand for ECS' latest product launch of white label Pastilles (gummies)
- ✓ Obtained Organic certification (in conversion)

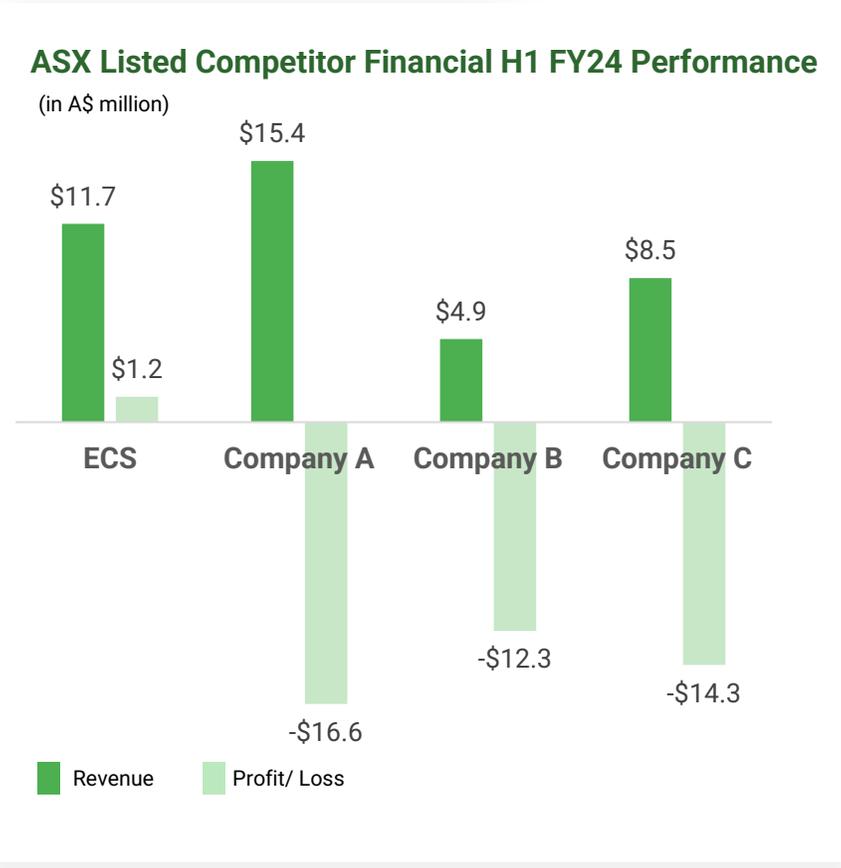
Growing capacity to meet demand

- ✓ Outdoor cultivation area expanded by 60%. ODC permit to produce up to 13 tonnes
- ✓ R&D project demonstrates value in investing in additional heating and lighting in four Protective Cropping Enclosures (PCE's) allowing ECS to produce 4 cycles vs 2 annually
- ✓ In February 2024 SunPharma were GMP certified to extract biomass enabling ECS to substantially reduce cost of oils



The ECS Advantage

| | |
|---|---|
| Cost <i>“globally competitive”</i> | <ul style="list-style-type: none"> • Fit for purpose Operational Infrastructure e.g. PCE \$500/m² vs Greenhouse \$2000/m² • Optimum production controllers e.g. IOT controllers (\$10K) vs Siemens BMS (\$150K) • Free sunshine vs electricity • Outdoor vs Indoor for biomass (oils) • Scale from B2B strategy • Fiscal discipline across the organisation |
| Quality <i>“meeting global standards”</i> | <ul style="list-style-type: none"> • euGMP post-harvest processing • Investment in mechanisation • International in-house expertise in Cultivation, Manufacturing, Genetics and Quality |
| ESG <i>“part of our DNA”</i> | <ul style="list-style-type: none"> • Organic, Regenerative, Solar • RAP discounted military veterans' products • Community engagement • Diversity in culture, gender and age |



Medical Cannabis

A Large and Growing Export Market.

Germany population 80 million

- April 2024 new laws planned to remove Cannabis from banned substance under narcotics which is anticipated to:
 - Increase accessibility and simpler prescription process
 - More efficient importing and less reporting
 - Greater inventory holdings
 - More social acceptance
- ECS is working with Ilios Santé to leverage increase in Medicinal Cannabis demand

Poland population 38 million

- Although legal for 4 years market remains small due to very high regulatory requirements
- ECS registration has taken 3 years being finalised with first shipment anticipated in Q4
- Koyi contracted for \$4 million

United Kingdom population 67 million

- ECS has \$9.3 million supply agreement with Rokshaw, the largest distributors of Medical Cannabis in the UK



Medical Cannabis

A Large and Growing Export Market.

USA population 332 million

- In January 2024 the Dept of Health and Human Services recommended rescheduling Cannabis from Schedule 1 to Schedule 3 to the Drug Enforcement Administration
- If adopted the US Cannabis market will unlock investment and more universal access
- Expected to have global implications including in company valuations

Australia population 26 million

- Market size estimated to be \$400 -500 million
- Rapid growth in demand resulted in substantial increase in flower brands currently on sale
- Flower market now 70% of sales, is growing rapidly due to increased number of clinics
- Pressure being applied to TGA to better regulate imports and quality



Strategy for Increasing Growth and Profitability in EU and Australia

| | |
|---|---|
| <p>Expansion <i>"to meet growing demand"</i></p> | <ul style="list-style-type: none"> • Increase production by December 2025 to licensed capacity of 13.7 tonnes per annum • Construct and fit-out 9 new PCE's • Flatten labour with year-round grow with heating and lighting to further increase production • Sun Pharma extraction price advantage • Vertical integration to capture more revenue and margin |
| <p>Quality <i>"meeting global standards"</i></p> | <ul style="list-style-type: none"> • New genetics to meet patient preferences and provide consistent good quality flower • Organic product providing key differentiation especially in Germany • Terpenes returned to extracts to provide full spectrum oils |
| <p>IP <i>"building differentiation"</i></p> | <ul style="list-style-type: none"> • VESIsorb® delivery technology increases Cannabidiol level in blood plasma x4 and is absorbed into bloodstream 3x faster • Add additional product lines gummies, topicals and water-soluble drops • Organic flower and Oils • Building out AVANI own brand • New Genetics being commercialised as well as ongoing development in new Genetics facility to expand customer base |



Sun Pharma extractor installed



Strategic Roadmap Summary

Delivering on a Clear Strategy to Drive Value.

2018-2020

Developing Capability and Confidence

- ✓ Established in 2018
- ✓ ODC Licenced in 2019
- ✓ TGA Licenced in 2020
- ✓ First Cultivation 2020



2021-2023

Focused, Expanding and Growing Revenue

- ✓ Acquired Murray Meds
- ✓ Exporting to NZ and UK
- ✓ Focussed Victoria operations
- ✓ Organic certification
- ✓ Added 12 Greenhouses
- ✓ Positive EBITDA
- ✓ >A\$50m in sales contracts
- ✓ Established an expert team
- ✓ >4 tonnes production



2024-2026

Drive Profitability, Innovation and Expansion

- Add 9 more greenhouses and light/heating for all year growing capability
- Scale to >13 tonnes production in line with licensed capacity
- Scale exports into existing and new markets to be >30% of Revenue
- Launch and build Avani B2C brand
- Leverage IP with VESIsorb® and Genetics through Avani brand
- Vertically integrated manufacturer of Oils, Capsule, Vapes and Pastilles
- Largest Australian exporter of flower



2027-2029

Top 2 in Medicinal Cannabis in Australia and largest exporter

- Exporting to Asia and North America
- Exports >60% of Revenues
- Avani recognised as the leading brand in multiple markets
- ARTG listing for Avani Rapid medicinal cannabis capsules
- Carbon Neutral
- Organic Investment in expansion
- Most profitable Australian Cannabis Company



Questions



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