

ECS Botanics Holdings Ltd (ASX:ECS)



ASX Announcement

16 December 2024

ECS Botanics increases PCE-grown cannabis yields by 50%; on track for record harvest

ECS Botanics Ltd (ASX:ECS) (ECS or Company), a leading Australian cultivator and manufacturer of certified organic medicinal cannabis dried flower and related products, has achieved a significant increase in medical cannabis yields, following the first harvest from its new Protective Crop Enclosures (PCEs).

Highlights

- **50% yield increase:** the initial harvest from the first of ECS' new PCEs has produced 656 kilograms harvest wet weight of medicinal cannabis flower, marking a 50% increase compared to the previous highest harvest of 437 kilograms of the same strain.
- **New PCE Design:** the improved yields are the result of ECS' design improvements including extensive R&D work into lighting and heating for year-round cultivation.
- **Quality improvement:** in addition to higher yields, the enhanced PCE design has contributed to a further improvement in flower quality and yield of "A-grade" buds, reinforcing ECS' reputation for producing premium organic medicinal cannabis.
- **On track for record harvest in FY25:** all 9 new PCEs are on track to be completed in Q3, with forecast total production of over 9 tonnes in FY25.



Image: PCE 18 record yield



ECS Managing Director, Nan-Maree Schoerie, said:

"We are proud to celebrate the success of the first harvest from our new PCEs, which is a testament to the hard work and collaboration across multiple teams at ECS.

"Our achievements in both yield and quality solidifies our commitment to operational excellence, innovation and providing the highest quality medicinal cannabis through our B2B and B2C channels.

"With year-round cultivation now possible, we're well-positioned to introduce our new strains and meet the increasing demand for premium, organic medicinal cannabis both domestically and internationally."

PCE Construction Update

By the end of the calendar year ECS will have commissioned 5 of the 9 new PCEs it committed to, with the further 4 expected to be commissioned by the end of February. This will take the number of PCEs to 26. Initial harvest results have been very pleasing, with a yield increase of 50%, as well as a higher percentage of "A-grade" flower.

While the construction of the new PCEs has progressed as planned, ECS has encountered a small budget overrun for the electricity upgrade necessary to power six PCEs year-round (\$250k). The Company is applying for an additional power upgrade to 2MW to support a total of 15 PCEs year-round, which, if approved, will occur in FY26.

ECS flower market update

The medicinal cannabis flower market has segmented into budget and premium "A-grade" categories. To address this, ECS launched its budget-friendly brand, **OzSun**, leveraging cost-effective, organic outdoor flower production. Growing awareness among doctors seeking affordable quality Australian flower is driving strong demand for OzSun, and ECS expects this product to contribute significantly to sales in the second half of FY25. The FY25 outdoor cultivation plan is focused on meeting this growing demand.

The improved quality and expanded variety of PCE "A grade" flower strains position ECS and its B2B partners to compete effectively across both B2B and B2C channels. ECS has been constrained in the volume of "A grade" PCE flower it can produce, and the construction project and the resultant year-round cultivation will significantly improve ECS' ability to meet this demand.

Changes to EU quality standards, which have become more stringent, provide ECS a competitive advantage in export markets. Beginning in January, ECS will supply three strains to Germany, following the success of Green Gelato. Registration in Poland has met with further delays due to a requirement for our customer to change laboratories. Sales are expected to commence in Q3, pending this registration.



With increased production capacity, a broader product line (including VESIsorb) and an expanded market reach, ECS is well-positioned to drive sales and margin growth in the second half of FY25.

Authorised for release by Nan Maree Schoerie, Managing Director.

-ENDS-

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About ECS Botanic Holdings Ltd

ECS Botanic Holdings Ltd 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.