

Appendix 4D

	31-Dec-22	31-Dec-21	% Change
	\$	\$	
Revenue from ordinary activities	6,918,886	2,335,686	196%
Loss from ordinary activities after tax attributable to members	(1,365,772)	(2,728,852)	-50%
Net loss attributable to members	(1,365,772)	(2,728,852)	-50%
	31-Dec-22	31-Dec-21	
NET TANGIBLE ASSETS PER SECURITY	Cents	Cents	
Net tangible assets per security	2.24	2.05	
	31-Dec-22	31-Dec-21	
EARNINGS PER SHARE	Cents	Cents	
Basic earnings per share	(0.12)	(0.29)	
Diluted earnings per share	(0.12)	(0.29)	



ABN 98 009 805 298

Financial Report

For the half year ended
31 December 2022

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Half-Year Report December 2022 Highlights.



STRATEGIC FOCUS

Becoming a leading, sustainable, low-cost producer of GMP medicinal cannabis

Revenue growth

Record H1 FY23 Medicinal cannabis sales of \$6.9m an increase of 196% on H1 FY22. Cash receipts from customers increased by 218% to ~\$6.4m on H1 FY22.

Cash flow positive

December quarter was cash flow positive – the first for the group and a major milestone. Adjusted operating losses for H1 FY22 reduced by 70% to \$0.83m from \$2.7m loss in H1 FY21.

Exports

First shipment of Australian Medicinal Cannabis to Switzerland.

Focussed

GMP medicinal cannabis company through the divestment of Food and Wellness and Tasmanian Farm assets.

Expansion

Regulator approved doubling medicinal cannabis growing facility with majority of works already completed. Low cost, large scale B2B business model has strong commercial momentum.

Development

Executed agreement to import and supply a dried flower Smart Inhaler (vape or vaporiser). Genetic strain developments result in new strains available for release FY23.



Message from the Managing Director.

Dear Shareholders,

Profitability has been a core focus for ECS as we prove the sustainability of our business model. Over the last six months we have refined and expanded our operations. Focussing resources on delivering where the demand is, whilst building a solid foundation to support new initiatives to drive substantial growth quarter on quarter, year on year, profitably!

The last six months have been unusually challenging as we continued operations whilst being surrounded by flood waters because of the Victorian floods in October. The resilience and engagement of our employees meant we were able to fulfill orders despite the logistical challenges. It is therefore even more pleasing that the Company was able to achieve record revenue growth and the significant milestone of being cash flow positive for the December quarter.

The strategic initiatives, previously announced in June 2022, to focus on the profitable segments of the operations, were all concluded during the six-month period.

These activities included the sale of the Tasmanian business and assets for \$3.0 million, the finalisation of activities relating to the divestment of the Food and Wellness business and the securing of \$0.8m debt funding through the National Australia Bank.

In August ECS obtained approval from the Office of Drug Control to double the size of the facility. Works were completed on the security infrastructure and two protective cropping enclosures (PCE) before year end, with another 4 PCE's coming online in January and February.

The Company has also invested in upgrading our GMP manufacturing facilities and processes. This is necessary to ensure we can meet the very stringent requirements of the German regulator, with an audit scheduled in March 2023. These investments were necessary for the subsequent quarter to secure a \$9.9m contract to supply Medicinal Cannabis to German Pharmaceutical Company Ilios Santé GmbH.

We were pleased to welcome to our management team three internationally experienced Cannabis professionals.

In October we appointed a Quality Manager and a Post-Harvest Manager (existing roles) both of whom have valuable experience in working in an organisation similar to ECS. In December we added a new role, welcoming a highly experienced cannabis cultivator (and business owner) from Humboldt, California as PCE Cultivation Manager. The fact that ECS has been able to attract this level of talent and build our bench strength, is testament to the confidence that ECS has a bright future in the Cannabis industry. The company has grown very rapidly with half year operating revenues being 102% of those of the prior full year. Included in these sales was the first shipment of Medicinal Cannabis from Australia to Switzerland.

After three growing seasons we are excited to have propagated a commercial quantity of our own unique strain, "Murray Pineapple", which we expect to harvest and commercialise in the next 3 months.

We thank our valued shareholders, employees, and customers for their support in helping ECS achieve its strategic growth objectives.



A handwritten signature in black ink that reads "Nan-Maree".

Nan-Maree Schoerie
Managing Director



Directors' Report

The Directors of ECS Botanics Holdings Limited ("ECS" or "the Company") present their report, together with the financial statements, on the Company for the half-year ended 31 December 2022.

It is recommended that the Directors' Report be read in conjunction with any public announcements made by the Company during the period and up to the date of this report.

Directors

The names and details of the Directors in office during the half year and until the date of this report are set out below.

Director	Position	Date of Appointment
Mrs Nan-Maree Schoerie	Managing Director	Appointed 15 March 2021
Mr Jeremy King	Non- Executive Chairman	Appointed 11 January 2017
Mr Michael Nitsche	Non-Executive Director	Appointed 26 March 2019
Mr Alexander Keach*	Executive Director	Appointed 11 July 2019

- On 10 February 2023 Mr Alex Keach has resigned as the Head of Corporate Development and an executive director. Mr Keach will remain on the Board as a non-executive director.

Company Secretary

Mr Mauro Piccini

Principal Activities

ECS Botanics 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 Therapeutic Drug Administration to manufacture PIC/S GMP certified products, ECS has become a leading Australian provider of high quality, affordable medicinal cannabis.

Review of Operations and Activities

Regulatory

During the September quarter 2022, ECS was advised that the Office of Drug Control had approved the Company's application to add 15 protected cropping enclosures and more than double the area approved for the cultivation of high THC Medicinal cannabis from 23,210m² to 54,410m². The Victoria facility also underwent the annual Office of Drug Control audit with no improvement recommendations reported.

Operations

Construction of the secure fencing and cameras and 2 protective cropping enclosures were completed following the approval of the expansion. Four more protected cropping enclosures are scheduled for completion by the end of February 2023. The Company also undertook an upgrade and expansion of the GMP footprint to include all processing and drying rooms, which is important for the EU market and provides the capacity to process the increased harvest resulting from the expansion. These are scheduled for completion and validation in the March 2023 quarter.

During the December quarter the company invested in flood mitigation which included the construction of substantial levee banks in addition to plant and equipment, including a generator able to maintain all normal site operations in the event of a power failure. While the property had never been known to flood, the major Victorian flood event in October did lead to the site being surrounded by floodwater. These investments protected the site and will ensure that the site remains secure from any possible future flood events.

The Company also onboarded three international experienced cannabis professionals to fill existing roles of Quality Manager and Post-harvest Production Manager and the newly created role of PCE Cultivation Manager recently filled by an experienced cannabis company owner and grower from Humboldt, California.

Commercial Activities

In December 2022, ECS signed an agreement to import and supply a Smart Inhaler (vape or vaporiser). The inhaler is a volume-management device for medicinal cannabis dried flower. Paired with a proprietary software application, it allows users to carefully control their dosing applications. With cartridges filled with ECS flower at ECS's GMP facility, customers will soon be able to add this product to their medicinal cannabis range.

As announced in December, the company undertook the first shipment of medicinal cannabis products from Australia to Switzerland. This follows the legalising of medicinal cannabis in Switzerland from August 2022 and the signing of a 3-year supply agreement with Medropharm AG.

ECS's Australian customers have delivered strong demand, which has resulted in substantial growth of sales of both medicinal cannabis flower and oils.

Corporate

Developments in investment/divestments

During the half year, the Company completed the strategic initiatives to facilitate investment in growth using non-dilutive funding and focussed operations. The Company divested the industrial hemp food and wellness business for \$0.25m and the sold its Tasmanian property and assets for \$3m. This strategy allows the company to focus on being a pure medicinal cannabis company, driving both revenue growth and near-term profitability. All activities relating to this strategy was completed within the half year.

Cash

The Company held a cash balance of \$2.95 million as at 31 December 2022. In addition, the National Australia Bank has provided ECS with a \$0.8m debt facility. The initial facility of \$2.0m was reduced following the sale of the Tasmanian assets. ECS will look to increase the debt facility in 2023. As at 31 December, 2022, the NAB Facility was undrawn.

Financial Results

The financial results of the Company for the half year ended 31 December 2022 are:

	31-Dec-22	30-Jun-22
Cash and cash equivalents (\$)	2,949,344	1,866,181
Net assets (\$)	20,841,465	22,169,674
	31-Dec-22	31-Dec-21
Net loss after tax (\$)	(1,365,772)	(2,728,852)
Earnings/(Loss) per share (\$)	(0.0012)	(0.0029)

Loss after income tax included a net loss of \$0.54m from the disposal and closing down ECS Botanics Pty Ltd. The adjusted operating loss after income tax was \$0.83m.

Significant Changes in State of Affairs

There have been no significant changes in the state of affairs of the Company that occurred during the reporting period not otherwise disclosed in this report or the financial statements.

Events Occurring After Reporting Date

ECS signed an agreement with German company Ilios Santé GmbH to supply a minimum of AUD\$9.9m of GMP manufactured medicinal cannabis products over 3 years. Ilios Santé is based in Frankfurt, Germany. It is a fully licensed wholesaler with the authorisations and permissions to import and distribute narcotics and other pharmaceutical products.

On 10 February 2023 Mr Alex Keach has resigned as the Head of Corporate Development and an executive director. Mr Keach will remain on the Board as a non-executive director.

There has been no other matter, or circumstance, that has arisen since the half-year ended 31 December 2022, that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company.

Auditor's Independence Declaration

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 11 for the half-year ended 31 December 2022.

This report is signed in accordance with a resolution of the Board of Directors.



Nan-Maree Schoerie

Managing Director

27 February 2023

Auditor's Independence Declaration



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DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF ECS BOTANICS HOLDINGS LIMITED

As lead auditor for the review of ECS Botanics Holdings Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of ECS Botanics Holdings Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'J Prue', written in a cursive style.

Jarrad Prue
Director

BDO Audit (WA) Pty Ltd
Perth
27 February 2023

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Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Half-Year Ended 31 December 2022

	Note	31-Dec-22 \$	31-Dec-21 \$
Revenue from continuing operations			
Revenue	2	6,918,886	2,335,686
Other income/ (expense)	3	(43,720)	83,027
Expenses			
Cost of goods sold		(6,269,241)	(1,656,344)
Depreciation and amortisation expenses		(402,432)	(274,698)
Marketing expenses		(48,610)	(79,277)
Occupancy expenses		(121,204)	(74,157)
Administrative expenses		(228,814)	(241,586)
Professional fees		(194,080)	(145,087)
Legal fees		(64,868)	(40,835)
Consulting and corporate advisory fees		(144,018)	(105,294)
Compliance and regulatory expenses		(81,461)	(351,951)
Wages and superannuation		(1,188,533)	(1,704,916)
Research and development costs		(54,607)	(25,549)
Share based payment expense	4	(37,564)	-
Share of Profits of Tasmanian Agricultural Producers Pty Ltd		-	37,846
Inventory write-off	5	(551,270)	(698,188)
Fair value (gain/loss) on biological assets	5	1,145,763	212,471
Loss before income tax		(1,365,772)	(2,728,852)
Income tax benefit/ (expense)			
Loss after income tax		(1,365,772)	(2,728,852)
Other comprehensive income			
Other comprehensive income for the period, net of income tax		-	-
Other comprehensive income/(loss) for the period, net of tax			
		-	-
Total comprehensive loss attributable to the members of ECS Botanics Holdings Limited			
		(1,365,772)	(2,728,852)
Loss per share for the year attributable to the members of ECS Botanics Holdings Limited			
Basic loss per share (cents)	6	(0.1234)	(0.2900)
Diluted loss per share (cents)	6	(0.1234)	(0.2900)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

As at 31 December 2022

	Note	31-Dec-22 \$	30-Jun-22 \$
Assets			
Current assets			
Cash and cash equivalents		2,949,344	1,866,181
Trade and other receivables	7	3,545,338	1,962,708
Prepayments		904,822	213,198
Inventory	5	3,403,510	6,086,868
Biological assets	5	1,883,018	42,957
Non-Current assets held for sale	8	–	4,737,318
Total current assets		12,686,032	14,909,230
Non-current assets			
Plant and Equipment	9	7,276,928	5,206,411
Intangible assets		2,470,518	2,622,499
Goodwill		1,050,000	1,050,000
Trade receivables	7	1,313,000	–
Investment accounted for using the equity method	10	33,476	33,476
Total Non-current assets		12,143,922	8,912,386
Total assets		24,829,954	23,821,615
Liabilities			
Current liabilities			
Trade and other payables		1,928,608	873,559
Provisions		395,065	237,443
Deferred income	11	1,589,922	521,602
Lease liability		20,314	19,337
Total current liabilities		3,933,908	1,651,941
Non-current liabilities			
Lease liability – NC		54,581	–
Total Non-current liabilities		54,581	–
Total liabilities		3,988,489	1,651,941
Net Assets		20,841,465	22,169,674
Equity			
Contributed equity	12	32,786,341	32,786,341
Reserves	4	288,138	250,574
Accumulated losses		(12,233,014)	(10,867,241)
Total equity		20,841,465	22,169,674

The Consolidated Statement of Financial Position should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2022

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
At 1 July 2022	32,786,341	250,574	(10,867,241)	22,169,674
Loss for the period	-	-	(1,365,772)	(1,365,772)
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss) for the year after tax	-	-	(1,365,772)	(1,365,772)
Transactions with owners in their capacity as owners:				
Placement	-	-	-	-
Capital raising costs	-	-	-	-
Issue of options	-	-	-	-
Conversion of PRs	-	37,564	-	37,564
Balance at 31 December 2022	32,786,341	288,138	(12,233,014)	20,841,465
	24,870,764	1,970,574	(9,751,806)	17,089,532
At 1 July 2021				
Loss for the year	-	-	(2,728,852)	(2,728,852)
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss) for the year after tax	-	-	(2,728,852)	(2,728,852)
Transactions with owners in their capacity as owners:				
Placement	6,115,577	-	-	6,115,577
Capital raising costs	-	-	-	-
Issue of options	-	30,000	-	30,000
Conversion of PRs	1,750,000	(1,750,000)	-	-
Balance at 31 December 2021	32,736,341	250,574	(12,480,658)	20,506,257

The Consolidated Statement of Changes in Equity should be read
in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2022

	Note	31-Dec-22 \$	31-Dec-21 \$
Cash flows from operating activities			
Receipts from customers		6,329,254	1,989,449
Payment to suppliers and employees		(6,233,944)	(3,793,732)
Interest Received		5,017	219
Interest paid		(1,752)	-
Net cash Inflow/(outflow) from operating activities		98,575	(1,804,064)
Cash flows from investing activities			
Purchase of Property, plant and Equipment	9	(550,116)	(1,435,785)
Purchase of Land & buildings	9	(1,770,853)	-
Proceeds from the sale of shares in ECS Botanics Pty Ltd	3	3,000,000	-
Proceeds from the sale of investment in Food and wellness	3	250,000	-
Net cash Inflow/(outflow) from investing activities		929,031	(1,435,785)
Cash flows from financing activities			
Borrowings repaid		61,746	-
Proceeds from the issue of shares (net of costs)		-	6,145,577
Lease repayments		(6,189)	(4,543)
Net cash inflow from financing activities		55,557	6,141,034
Net (decrease) / increase in cash and cash equivalents		1,083,164	2,901,185
Cash and cash equivalents at the beginning of the period		1,866,181	4,244,950
Cash and cash equivalents at the end of the period		2,949,344	7,146,135

The Consolidated Statement of Cash Flows should be read in conjunction with the notes to the financial statements.

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2022

Note 1: Summary Of Significant Accounting Policies

Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2022 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*. ECS Botanics Holdings Limited ("the Company") is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

The interim consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2022 annual financial report for the financial year ended 30 June 2022.

This interim financial report is intended to provide users with an update on the latest annual financial statements of ECS Botanics Holdings Limited. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2022, together with any public announcements made during the following half-year.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2022

Note 2: Revenue

	31-Dec-22	31-Dec-21
	\$	\$
Retail sales	12,503	37,267
Wholesale sales	6,906,383	2,298,419
	6,918,886	2,335,686

*All revenue is recognised at a point in time.

Note 3: Other Income/(Expense)

	31-Dec-22	31-Dec-21
	\$	\$
Other income	2,037	77,720
Government grants	48,744	-
Interest income	5,017	219
Rental income	4,000	5,088
Profit/(loss) on disposal of subsidiaries/assets*	(103,518)	-
	(43,720)	83,027

Profit/(loss) on disposal of subsidiaries/assets*

Asset	Proceeds Received	Carrying Amount	Profit / (loss)
COY Farm to Blue Buffalo	3,000,000	3,389,987	(389,987)
COY Farm – Plant and Equipment Sold Separately	78,374	41,906	36,468
Sales of Food and Wellness Business to Ananda Foods	250,000	-	250,000
	3,328,374	3,431,893	(103,518)

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2022

Note 4: Share Based Payment and Reserve

	31-Dec-22	31-Dec-21
	\$	\$
Share based payment		
Shares issued	–	–
Options issued ¹	–	30,000
Performance rights ²	37,564	–
	37,564	30,000
Share based payment reserve		
Opening balance	250,574	1,970,574
Performance rights vested	–	–
Options issued ¹	–	30,000
Conversion of performance rights ²	37,564	(1,750,000)
Closing balance	288,138	250,574

¹ On 25 October 2021, 12 million options, with an exercise price of \$0.08 and expiring 2 years from date of issue, were granted to the lead manager of the ECS share placement completed in November 2021. The estimated value of the services was \$30,000.

² During this reporting period, ECS has issued five tranches of Rights totaling 26,000,000 to the Chairman, Managing Director, and the Business Development Manager. The rights were subject to ECS shareholder approval which was obtained at the Company's Annual General Meeting ("AGM") held on 26 October 2022. At the end of the current reporting period, ECS management engaged an independent valuer to measure the fair value of the rights issued. A total fair value has been determined of \$374,125 of which \$37,564 has been expensed during the current half-year period. The terms of the rights issued and key inputs used in the valuation have been summarised below:

Tranche A totalling 3,750,000 Rights subject to a non-market based vesting condition -the number of rights that vest is conditional on ECS achieving audited revenue of over AU\$20,000,000 over a 12-month continuous period between the issue date and date of expiry;

Tranche B totalling 3,750,000 Rights subject to a non-market based vesting condition – the number of rights that vest is conditional on ECS achieving an EBIT of at least 6.5% based on a minimum EBIT of AU\$1,300,000 between the issue date and date of expiry;

Tranche C totalling 6,250,000 Rights subject to a market based vesting condition – the number of rights that vest is conditional on ECS achieving a target company share price of AU\$0.050 based on a 15-day VWAP between the issue date and date of expiry;

Tranche D totalling 6,250,000 Rights subject to a market based vesting condition – the number of rights that vest is conditional on ECS achieving a target company share price of AU\$0.075 based on a 15-day VWAP between the issue date and date of expiry;

Tranche BB totalling 6,000,000 Rights subject to a non-market based vesting condition – the number of rights that vest is conditional upon the recipients continued service with the company from the issue date up to and including 30 June 2025.

Tranche	A	B	C	D	BB
Grant Date	26-10-2022	26-10-2022	26-10-2022	26-10-2022	10-08-2022
Number of Rights	3,750,000	3,750,000	6,250,000	6,250,000	6,000,000
Expected life of the right (days)	790	790	790	790	1,056
Expected volatility	–	–	96.03%	96.03%	–
Management probability	100%	0%	100%	100%	100%
Share price at grant date (\$)	\$0.0220	\$0.0220	\$0.0220	\$0.0220	\$0.0260
Fair value per right (\$)	\$0.0220	\$0.0220	\$0.0141	\$0.0076	\$0.0260
Total value at grant date (\$)	\$82,500	\$0	\$88,125	\$47,500	\$156,000

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2022

Note 4: Share Based Payment and Reserve (Continued)

Key Management Personnel	Tranche	No. of Rights	Fair value per right (\$)	Total Value (\$)
Blaise Bratter	BB	6,000,000	0.0260	156,000
Blaise Bratter Total		6,000,000	0.0260	156,000
Jeremy King	C	2,500,000	0.0141	35,250
Jeremy King	D	2,500,000	0.0076	19,000
Jeremy King Total		5,000,000	0.0217	54,250
Nan-Maree Schoerie	A	3,750,000	0.0220	82,500
Nan-Maree Schoerie	C	3,750,000	0.0141	52,875
Nan-Maree Schoerie	D	3,750,000	0.0076	28,500
Nan-Maree Schoerie Total		15,000,000	0.0657	163,875
Grand Total		26,000,000		374,125

Note 5: Inventory and Biological Assets

Inventories	31-Dec-22 \$	30-Jun-22 \$
Raw materials – at cost	–	114,744
Finished goods – at cost	3,403,510	5,972,124
	3,403,510	6,086,868

During the period, \$551,270 of inventory was written-off because of waste produced due to ECS's high quality controls and production processes and a reduction in cost.

Biological assets

	31-Dec-22	31-Dec-21
Fair value (gain/loss) on biological assets	500,724	212,471
	31-Dec-22	30-Jun-22
Biological assets	1,883,018	42,957

Note 6: Earnings/(Loss) Per Share

	31-Dec-22 \$	31-Dec-21 \$
Loss after income tax attributable to owners of ECS Botanics Holdings Limited	(1,365,772)	(2,728,852)
Weighted average number of ordinary shares used in calculated basic earnings per share	1,106,730,667	952,890,293
Basic earnings/(loss) per share (\$)	(0.0012)	(0.0029)
Diluted loss per share (\$)	(0.0012)	(0.0029)

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2022

Note 7: Trade and Other Receivables and Other Non-Current Receivables

	31-Dec-22	30-Jun-22
	\$	\$
Trade debtors*	3,583,856	1,574,998
Other receivables	(38,518)	387,710
Total Trade and other receivables	3,545,338	1,962,708
Non-current trade receivables*	1,313,000	-

*During the relevant period the Company sold a biomass extractor to a third party via an offset arrangement. Total consideration of \$1,353,000 will be settled by the receipt by ECS of oil concentrate from the third party produced by the extractor. As at 31 December 2022, \$40,000 is included in trade debtors and \$1,313,000 is included in trade receivables to reflect this arrangement.

Note 8: Non-Current Assets Held for Sales

	31-Dec-22	30-Jun-22
	\$	\$
Office and Computer Equipment	-	8,038
Plant and Equipment	-	1,847,985
Land	-	670,000
Building	-	2,211,295
NON-CURRENT ASSETS HELD FOR SALES	-	4,737,318

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2022

Note 9: Property, Plant and Equipment

	Land \$	Buildings \$	Other farm assets \$	Property plant and equipment \$	Motor vehicles \$	Construction in Progress \$	Total \$
Cost or fair value							
Balance at 1 July 2022	816,146	2,581,690	1,314,421	1,005,010	34,909	–	5,752,176
Acquisition of subsidiaries	–	–	–	–	–	–	–
Additions	–	239,300	1,531,657	550,012	–	–	2,320,969
Reclassification of Assets	–	–	–	–	–	–	–
Disposals	–	–	–	–	–	–	–
Asset transferred to “asset held for sales”	–	–	–	–	–	–	–
Balance at 31 December 2022	816,146	2,820,990	2,846,078	1,555,022	34,909	–	8,073,145
Accumulated depreciation							
Balance at 1 July 2022	–	168,133	257,774	93,628	26,230	–	545,765
Acquisition of subsidiaries	–	–	–	–	–	–	–
Depreciation during the period	–	36,504	143,283	65,868	4,797	–	250,452
Impairment of Asset	–	–	–	–	–	–	–
Balance at 31 December 2022	–	204,637	401,057	159,496	31,027	–	796,216
Carrying amounts							
at 31 December 2022	816,146	2,616,353	2,445,021	1,395,526	3,882	–	7,276,928
at 30 June 2022	816,146	2,413,557	1,056,647	911,382	8,679	–	5,206,411

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2022

Note 9: Property, Plant and Equipment (Continued)

	Land \$	Buildings \$	Other farm assets \$	Property plant and equipment \$	Motor vehicles \$	Construction in Progress \$	Total \$
Cost or fair value							
Balance at 1 July 2021	1,136,146	2,165,220	379,308	2,018,840	34,909	1,544,079	7,278,502
Acquisition of subsidiaries	350,000	100,000	–	–	–	–	450,000
Additions	–	1,442,720	972,351	549,942	–	6,771	2,971,784
Reclassification of Assets	–	–	(8,955)	–	–	–	(8,955)
Disposals	–	1,160,530	(28,283)	418,603	–	(1,550,850)	–
Asset transferred to "asset held for	(670,000)	(2,286,780)	–	(1,982,375)	–	–	(4,939,155)
Balance at 30 June 2022	816,146	2,581,690	1,314,421	1,005,010	34,909	–	5,752,176
Accumulated depreciation							
Balance at 1 July 2021	–	146,026	24,025	54,774	17,412	–	242,237
Depreciation for the year	–	97,591	233,749	122,085	8,818	–	462,243
Impairment of Asset	–	–	–	43,122	–	–	43,122
Asset held for sale	–	(75,484)	–	(126,353)	–	–	(201,837)
Balance at 30 June 2022	–	168,133	257,774	93,628	26,230	–	545,765
Carrying amounts							
at 1 July 2021	1,136,146	2,047,476	327,000	1,964,068	17,497	1,544,079	7,036,265
at 30 June 2022	816,146	2,413,557	1,056,647	911,382	8,679	–	5,206,411

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2022

Note 10: Interests in Associate

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the consolidated entity are set out below:

Name	Principle place of business	Ownership Interest	
		31-Dec-22 %	30-Jun-22 %
Tasmanian Agricultural Producers Pty Ltd	Australia	28.4%	28.4%
Reconciliation of the consolidated entity's carrying amount		31-Dec-22	30-Jun-22
		\$	\$
Opening carrying amount		33,476	33,476
Share of profit/(loss) after income tax		-	-

Note 11: Deferred Income

	31-Dec-22	30-Jun-22
	\$	\$
Deferred income		
Wholesale sales	1,589,922	521,602

Note 12: Issued Capital

	31-Dec-22	30-Jun-22
	\$	\$
Issued and paid up Capital		
Ordinary Shares Fully Paid	32,786,341	32,786,341

Movement in ordinary shares on issue	Date	Issue price	Number of shares	\$
Balance at the beginning of the period			862,980,667	24,870,764
Conversion of PRs to shares	8/09/2021	\$0.0400	43,750,000	1,750,000
Share placement	4/11/2021	\$0.0330	198,484,848	6,550,000
Share placement to Director (Bushwood Nominees PL)	13/01/2022	\$0.0330	1,515,152	50,000
Capital raising costs				(434,423)
Balance at the end of period				32,786,341

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2022

Note 13: Related Parties

	31-Dec-2022	31-Dec-2021
The following transactions occurred with related parties:		
ARQ Capital Pty Ltd ⁽ⁱ⁾	18,000	18,000
Bushwood Nominees Pty Ltd ⁽ⁱⁱ⁾	18,000	18,000
Australian British Chamber of Commerce ⁽ⁱⁱⁱ⁾	–	17,424
Mirador Corporate Pty Ltd ^(iv)	58,650	70,400
The D & S McCredie Family Trust ^(v)	–	19,800
Pharmout ^(vi)	67,453	87,331
Qiksolve Pty Ltd ^(vii)	9,829	3,852
Nan-Maree Schoerie ^(viii)	12,239	–
Jeremy King ^(viii)	4,052	–
Blaise Bratter ^(viii)	21,273	–
Total	209,496	234,807

- (i) ARQ Capital Pty Ltd was paid for Director fees, of which Michael Nitsche is a director.
- (ii) Bushwood Nominees Pty Ltd was paid for Director fees, of which Jeremy King is a director.
- (iii) Australian British Chamber of Commerce was paid for office rental fees, of which David McCredie is a director.
- (iv) Mirador Corporate Pty Ltd was paid for company secretarial and financial management services to the Company, of which Jeremy King is a director.
- (v) The D & S McCredie Family Trust was paid for Director fees, of which David McCredie is a director.
- (vi) Pharmout was paid for consulting fees, an entity owned by a close family member of Nan-Maree Schoerie.
- (vii) Qiksolve Pty Ltd paid for consulting fees, an entity owned by a close family member of Nan-Maree Schoerie.
- (viii) ECS has issued 26,000,000 Rights to the members of the Board and Senior Management in the reporting period, see further details in NOTE4: SHARE BASED PAYMENT AND RESERVE.

Key Management Personnel	Tranche	No. of Rights	No. of days to 31 Dec 2022	\$ Per Day	Total \$ at 31 Dec 2022
Blaise Bratter	BB	6,000,000	144	147.73	21,273
Blaise Bratter Total		6,000,000	144	147.73	21,273
Jeremy King	C	2,500,000	59	44.62	2,633
Jeremy King	D	2,500,000	59	24.05	1,419
Jeremy King Total		5,000,000	118	68.67	4,052
Nan-Maree Schoerie	A	3,750,000	59	104.43	6,161
Nan-Maree Schoerie	C	3,750,000	59	66.93	3,949
Nan-Maree Schoerie	D	3,750,000	59	36.08	2,128
Nan-Maree Schoerie Total		15,000,000	177	207.44	12,239
Grand Total		26,000,000	439		37,563

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2022

Note 14: Operating Segments

Identification of reportable operating segments

The information reported to the Board of Directors (being the Chief Operating Decision Makers ("CODM")), are the results as shown in the Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position. Since March 2021, the Directors have determined that there are two operating segments which are considered separately reportable:

- ECS Botanics Pty Ltd ("Botanics") – the sale of food and wellness products; and
- ECS Botanics MC Pty Ltd (previously known as Murray Meds Pty Ltd) and Flowerday Farms Pty Ltd ("MC & FDF") – the sale of medicinal cannabis plant related products.

Statement of Profit or Loss

	Botanics	MC & FDF	Corporate	Total
31-Dec-2022				
Retail sales	12,503	–	–	12,503
Wholesale sales	103,043	6,803,340	–	6,906,383
Other income	(97,482)	48,744	5,017	(43,720)
Segment revenue	18,064	6,852,085	5,017	6,875,166
Fair value gain/(loss) on biological assets	–	1,145,763	–	1,145,763
Segment result	(616,701)	(336,481)	(412,590)	(1,365,772)
Finance costs	–	(1,752)	–	(1,752)
Loss before income tax	(616,701)	(336,481)	(412,590)	(1,365,772)
Income tax expense	–	–	–	–
Loss after income tax	–	–	–	(1,365,772)
Retail sales	12,503	–	–	12,503
31-Dec-2021				
Revenue				
Retail sales	37,267	–	–	37,267
Wholesale sales	951,518	1,346,901	–	2,298,419
Other income	68,479	14,329	219	83,027
Segment revenue	1,057,264	1,361,230	219	2,418,713
Fair value gain/(loss) on biological assets	32,723	179,748	–	212,471
Segment result	(805,386)	(1,388,278)	(535,188)	(2,728,852)
Finance costs	–	–	–	–
Loss before income tax	–	–	–	(2,728,852)
Income tax expense	–	–	–	–
Loss after income tax	–	–	–	(2,728,852)
Statement of Financial Position				
31-Dec-2022				
Segment assets	183,937	18,494,083	6,151,934	24,829,954
Segment liabilities	(1)	3,975,899	12,591	3,988,489
Capital expenditure	–	2,320,969	–	2,320,969
Depreciation and amortisation	–	402,432	151,980	554,413
30-Jun-2022				
Segment assets	5,144,057	15,289,406	3,388,152	23,821,615
Segment liabilities	221,838	1,410,548	19,556	1,651,942
Capital expenditure	(366,303)	(4,053,404)	–	(4,419,707)
Depreciation and amortisation	(99,414)	(664,087)	–	(763,501)

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2022

Note 15: Commitments & Contingencies

There have been no new contingent liabilities or contingent asset since 30 June 2022. There are no new capital commitments as at 31 December 2022 (30 June 2022: nil).

Note 16: Events After the End of the Period

After the reporting period date, ECS has announced on 4 January 2023 on entering into a binding three-year agreement with German Company Ilios Sante GmbH ("Ilios Sante") for the supply of medicinal cannabis products, which will generate a minimum of \$9.9m in revenue for the Company.

On 10 February 2023 Mr Alex Keach has resigned as the Head of Corporate Development and an executive director. Mr Keach will remain on the Board as a non-executive director.

Director's Declaration

For the Half-Year Ended 31 December 2022

In accordance with a resolution of the directors of ECS Botanics Holdings Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 12 to 26 are in accordance with the Corporations Act 2001, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the Company's financial position as at 31 December 2022 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



Nan-Maree Schoerie
Managing Director

27 February 2023

Independent Auditor's Review Report



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of ECS Botanics Holdings Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of ECS Botanics Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Independent Auditor's Review Report (Continued)



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

BDO
A handwritten signature in black ink, appearing to read 'J Prue'.

Jarrad Prue

Director

Perth

27 February 2023