

# ASX APPENDIX 4E

## Preliminary Final Report

**ECS BOTANICS HOLDINGS LIMITED**  
**ABN: 98 009 805 298**

### RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE YEAR ENDED 30 JUNE 2022

(Previous corresponding period is the year ended 30 June 2021)

	30-Jun-22	30-Jun-21	
KEY INFORMATION	\$	\$	% Change
Revenue from ordinary activities	7,180,455	1,375,045	422%
Loss from ordinary activities after tax attributable to members	(1,148,911)	(4,335,572)	(74%)
Net loss attributable to members	(1,148,911)	(4,335,572)	(74%)

#### DIVIDEND INFORMATION

No dividend has been proposed or declared.

NET TANGIBLE ASSETS PER SECURITY	30-Jun-22	30-Jun-21
Net tangible assets per security	2.15	1.98

EARNINGS PER SHARE	30-Jun-22 Cents	30-Jun-21 Cents
Basic earnings per share	(0.11)	(0.64)
Diluted earnings per share	(0.11)	(0.64)

This report is based on, and should be read in conjunction with, the attached financial report for the year ended 30 June 2022 for ECS Botanics Holdings Limited, which is unaudited.

## Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Financial Year Ended 30 June 2022

	Note	2022 \$	2021 \$
<b>Revenue from continuing operations</b>			
Revenue	1	7,180,455	1,375,045
<b>Expenses</b>			
Cost of goods sold		(5,023,086)	(1,483,939)
Depreciation and amortisation expenses	5, 6	(763,501)	(187,926)
Marketing expenses		(182,674)	(214,989)
Occupancy expenses		(101,00)	(68,210)
Administrative expenses		(465,349)	(334,459)
Professional fees		(249,266)	(238,681)
Legal fees		(36,349)	(42,602)
Consulting and corporate advisory fees		(201,460)	(285,544)
Medicinal cannabis consulting fees		(60,721)	(144,006)
Compliance and regulatory expenses		(495,598)	(377,939)
Wages and superannuation		(1,550,851)	(1,381,871)
Research and development costs		(129,079)	(74,874)
Listing fees		-	-
Share based payment expense		-	(1,786,050)
Share of Profits of Tasmanian Agricultural Producers Pty Ltd		61,623	(162,685)
Impairment expense		(10,399)	-
Inventory write-off		(774,469)	(109,822)
Fair value (gain/loss) on biological assets		1,661,021	429,270
<b>Loss before income tax</b>		(1,140,710)	(5,089,282)
Income tax benefit/ (expense)		(8,201)	753,710
<b>Loss after income tax</b>		(1,148,911)	(4,335,572)
<b>Other comprehensive income</b>			
Other comprehensive income for the year, net of income tax		-	-
<b>Other comprehensive income/(loss) for the year, net of tax</b>		(1,148,911)	(4,335,572)
<b>Total comprehensive loss attributable to the members of ECS Botanics Holdings Limited</b>		(1,148,911)	(4,335,572)
<b>Loss per share for the year attributable to the members of ECS Botanics Holdings Limited</b>			
Basic loss per share (cents)	11	(0.11)	(0.64)
Diluted loss per share (cents)	11	(0.11)	(0.64)

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 30 June 2022

	Note	2022 \$	2021 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	1,866,181	4,244,950
Trade and other receivables	3,3a	2,175,906	824,551
Inventories	4	6,086,868	2,974,033
Biological assets		42,957	-
Non-current assets held for sale		4,737,318	-
<b>Total current assets</b>		<b>14,909,230</b>	<b>8,043,534</b>
<b>Non-current assets</b>			
Plant and equipment	6	5,206,411	7,036,265
Intangible assets	5	3,672,499	2,923,756
Investments accounted for using the equity method		-	665,062
<b>Total non-current assets</b>		<b>8,878,910</b>	<b>10,462,398</b>
<b>Total assets</b>		<b>23,788,139</b>	<b>18,505,932</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	7	873,559	1,028,887
Borrowings		-	1,446
Provisions	8	237,444	160,022
Other liabilities	7a	521,602	200,750
Lease liability	9	19,337	7,141
<b>Total current liabilities</b>		<b>1,651,942</b>	<b>1,398,246</b>
<b>Non-current liabilities</b>			
Lease liability	9	-	18,154
<b>Total non-current liabilities</b>		<b>-</b>	<b>18,154</b>
<b>Total liabilities</b>		<b>1,651,942</b>	<b>1,416,400</b>
<b>Net Assets</b>		<b>22,136,198</b>	<b>17,089,532</b>
<b>EQUITY</b>			
Contributed equity	19	32,786,341	24,870,764
Reserves	19	250,574	1,970,574
Accumulated losses		(10,900,717)	(9,751,806)
<b>Total equity</b>		<b>22,136,198</b>	<b>17,089,532</b>

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 Financial Year Ended 30 June 2022

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
<b>At 1 July 2021</b>	<b>24,870,764</b>	<b>1,970,574</b>	<b>(9,751,806)</b>	<b>17,089,532</b>
Loss after income tax for the year	-	-	(1,148,911)	(1,148,911)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income/(loss) for the year after tax</b>	<b>-</b>	<b>-</b>	<b>(1,148,911)</b>	<b>(1,148,911)</b>
<b>Transactions with owners in their capacity as owners</b>				
Issue of share capital (net of costs)	6,165,577	-	-	6,165,577
Issue of options	-	30,000	-	30,000
Vesting of performance rights	1,750,000	(1,750,000)	-	-
<b>At 30 June 2022</b>	<b>32,786,341</b>	<b>250,574</b>	<b>(10,900,717)</b>	<b>22,136,198</b>
<b>At 1 July 2020</b>	<b>10,230,396</b>	<b>220,574</b>	<b>(5,416,234)</b>	<b>5,034,736</b>
Loss after income tax for the year	-	-	(4,335,572)	(4,335,572)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income/(loss) for the year after tax</b>	<b>-</b>	<b>-</b>	<b>(4,335,572)</b>	<b>(4,335,572)</b>
<b>Transactions with owners in their capacity as owners</b>				
Issue of share capital (net of costs)	9,204,318	-	-	9,204,318
Incentive shares	36,050	-	-	36,050
Acquisition of Murray Meds Pty Ltd and Flower Day Farms Pty Ltd (note 3)	5,400,000	-	-	5,400,000
Vesting of performance rights	-	1,750,000	-	1,750,000
<b>At 30 June 2021</b>	<b>24,870,764</b>	<b>1,970,574</b>	<b>(9,751,806)</b>	<b>17,089,532</b>

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 Financial Year ended 30 June 2022

	Note	2022 \$	2021 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		5,692,748	1,442,155
Payments to suppliers and employees		(10,404,104)	(3,706,965)
Interest received		617	875
Interest paid		(1,942)	(167)
<b>Net cash used in operating activities</b>	8(a)	<u>(4,712,681)</u>	<u>(2,264,102)</u>
<b>Cash flows from investing activities</b>			
Acquisition of Murray Meds Pty Ltd and Flower Day Farms Pty Ltd, net of cash acquired		(1,500,000)	(953,775)
Payments for plant and equipment		(580,565)	(1,898,231)
Payments for land and buildings		(2,339,141)	(1,544,079)
Payments for investments		-	-
Payments to Murray Meds Pty Ltd, prior to acquisition		564,000	(200,000)
<b>Net cash used in investing activities</b>		<u>(3,855,707)</u>	<u>(4,596,085)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares (net of costs)		6,195,577	9,204,318
Repayment of lease liability		(5,958)	(3,195)
<b>Net cash from financing activities</b>		<u>6,189,619</u>	<u>9,201,123</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		(2,378,769)	2,340,936
<b>Cash and cash equivalents at the beginning of the year</b>		4,244,950	1,904,014
<b>Cash and cash equivalents at the end of the year</b>	8	<u>1,866,181</u>	<u>4,244,950</u>

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

## Notes to the Consolidated Financial Statements

### (a) Reporting Entity

ECS Botanical Holdings Limited (referred to as “ECS” or the “Company”) is a company domiciled in Australia. The address of the Company’s registered office and principal place of business is disclosed in the Corporate Directory of the Annual Report. The financial statements are presented in Australian dollars, which is ECS Botanical Holdings Limited’s functional and presentation currency.

### (b) Basis of Preparation

The preliminary financial report has been prepared in accordance with ASX listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. This report has been prepared in accordance with the Australian Accounting Standards (AASBs) and Interpretations issued by the Australian Accounting Standards Board, and the Corporations Act 2001.

This year end financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this preliminary report is to be read in conjunction with the annual financial report for the year ended 30 June 2021, the interim financial report for the half-year ended 31 December 2021 and any public announcement made by ECS Botanics Holdings Limited during the reporting period in accordance with the continuous disclosure requirement of the Corporations Act 2001.

### NOTE 1 REVENUE

	2022 \$	2021 \$
<i>Revenue*</i>		
Retail sales	85,078	132,982
Wholesale sales	6,690,090	1,113,637
Other income	25,004	14,938
Government grants	366,770	99,292
Interest income	617	875
Rental income	12,897	13,321
	<u>7,180,455</u>	<u>1,375,045</u>

\* All Revenue is recognised at a point in time.

### NOTE 2 CASH AND CASH EQUIVALENTS

	2022 \$	2021 \$
Cash at bank	<u>1,866,181</u>	<u>4,244,950</u>
	<u>1,866,181</u>	<u>4,244,950</u>

Cash at bank earns interest at floating rates based on daily deposit rates.

The Company’s exposure to interest rate and credit risks is disclosed in Note 22.

### (a) Reconciliation of net loss after tax to net cash flows from operations

Loss for the financial year	(1,148,911)	(4,335,572)
Non-Cash Items		

## Notes to the Consolidated Financial Statements

Depreciation and amortisation	763,501	187,926
Investment in Tap Agrico equity accounting	(61,623)	162,685
Share based payments/listing expenses	-	1,786,050
Inventory write-off	774,469	109,822
Fair value gain/(loss) on biological assets	(1,661,021)	(429,270)
Income tax benefit	-	(753,710)
<i>Changes in assets and liabilities</i>		
(Increase) / decrease in trade and other receivables	(1,322,410)	44,042
(Increase) / decrease in inventory	(28,945)	104,836
Increase / (decrease) in trade and other payables	(2,279,639)	665,136
Increase / (decrease) in provisions and other liabilities	251,899	193,953
<b>Net cash used in operating activities</b>	<b>(4,712,681)</b>	<b>(2,264,102)</b>

The issue of shares on acquisition (note 2) are non-cash investing activities. There are no other non-cash financing and non-cash investing activities identified for the year ended 30 June 2022.

### NOTE 3 TRADE AND OTHER RECEIVABLES

	2022	2021
	\$	\$
Trade receivables	1,641,470	427,135
Other receivables (9a)	534,436	397,416
	<b>2,175,906</b>	<b>824,551</b>

### NOTE 3a OTHER RECEIVABLES

	2022	2021
	\$	\$
Prepayments	1,641,470	66,553
Accrued income	-	-
GST and other receivables	321,238	213,163
Farmer offtake prepayment*	-	117,700
	<b>1,962,708</b>	<b>397,416</b>

\*Prepayments made to farmers on receipt of hemp seeds calculated based on the hemp weight received, prior to treatment, quality testing and subsequent transfer of ownership.

### NOTE 4 INVENTORIES

	2022	2021
	\$	\$
Raw materials	114,744	301,396
Finished goods	5,972,124	2,672,637
	<b>6,086,868</b>	<b>2,974,033</b>

## Notes to the Consolidated Financial Statements

### NOTE 5 INTANGIBLE ASSETS

	2022 \$	2021 \$
Intangible assets	3,014,839	3,014,839
Less accumulated amortisation	(301,258)	(91,083)
	<b>2,622,498</b>	<b>2,923,756</b>
Opening balance	-	-
Acquisition of subsidiaries	3,014,839	3,014,839
Less amortisation	(301,258)	(91,083)
	<b>2,622,498</b>	<b>2,923,756</b>

### NOTE 6 PROPERTY, PLANT AND EQUIPMENT

	Land \$	Buildings \$	Other farm assets \$	Property plant and equipment \$	Motor vehicles <sup>(i)</sup> \$	Construction in progress \$	Total \$
<b>Cost</b>							
Balance at 1 July 2021	1,136,146	2,165,220	379,308	2,018,840	34,909	1,544,079	7,278,502
Additions	-	2,394,674	-	968,261	-	6771	3,369,706
Disposals	-	-	-	-	-	-	-
Reclassifications	-	335,484	1,009,646	205,720	-	(1,550,850)	-
Less Assets Held for Sales	(670,000)	(2,054,160)	(160,033)	1,853,124	-	-	(4,737,318)
<b>Balance at 30 June 2022</b>	<b>466,146</b>	<b>2,841,218</b>	<b>1,228,921</b>	<b>1,339,696</b>	<b>34,909</b>	<b>0</b>	<b>5,910,891</b>
<b>Depreciation</b>							
Balance at 1 July 2021	-	146,026	24,025	54,774	17,412	-	242,237
Acquisition of subsidiaries	-	-	-	-	-	-	-
Depreciation for the year	-	39,390	134,347	279,688	8,818	-	46,2243
<b>Balance at 30 June 2022</b>	<b>-</b>	<b>185,146</b>	<b>158,372</b>	<b>334,462</b>	<b>26,230</b>	<b>-</b>	<b>704,480</b>
<b>Carrying amounts</b>							
at 1 July 2022	466,146	2,655,802	1,070,549	1,005,235	8,679	-	5,206,411
at 30 June 2021	1,136,146	2,019,194	355,283	1,964,066	17,497	1,544,079	7,036,265



## Notes to the Consolidated Financial Statements

### NOTE 6 PROPERTY, PLANT AND EQUIPMENT CONTINUED

	Land \$	Buildings \$	Other farm assets \$	Property plant and equipment \$	Motor vehicles \$	Construction in progress \$	Total \$
<b>Cost</b>							
Balance at 1 July 2020	670,000	530,000	28,282	268,648	-	-	1,496,930
Acquisition of subsidiaries	466,146	1,539,068	105,976	201,309	34,909	-	2,347,408
Additions	-	96,152	245,050	1,548,883	-	1,544,079	3,434,164
<b>Balance at 30 June 2021</b>	<b>1,136,146</b>	<b>2,165,220</b>	<b>379,308</b>	<b>2,018,840</b>	<b>34,909</b>	<b>1,544,079</b>	<b>7,278,502</b>
<b>Depreciation</b>							
Balance at 1 July 2020	-	10,128	2,162	10,807	-	-	23,097
Acquisition of subsidiaries	-	92,234	4,954	17,793	15,462	-	130,443
Depreciation for the year	-	43,664	16,909	26,174	1,950	-	88,697
<b>Balance at 30 June 2021</b>	<b>-</b>	<b>146,026</b>	<b>24,025</b>	<b>54,774</b>	<b>17,412</b>	<b>-</b>	<b>242,237</b>
<b>Carrying amounts</b>							
<b>at 1 July 2020</b>	<b>670,000</b>	<b>519,872</b>	<b>26,120</b>	<b>257,841</b>	<b>-</b>	<b>-</b>	<b>1,473,833</b>
<b>at 30 June 2021</b>	<b>1,136,146</b>	<b>2,019,194</b>	<b>355,283</b>	<b>1,964,066</b>	<b>17,497</b>	<b>1,544,079</b>	<b>7,036,265</b>

### NOTE 7 TRADE AND OTHER PAYABLES

	2022	2021
	\$	\$
Trade Payables	703,541	615,136
Accruals and Other Payables	170,019	413,751
	<b>873,559</b>	<b>1,028,887</b>

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Group. The amounts are unsecured and are usually payable within 30 days of recognition.

### NOTE 7a OTHER LIABILITIES

	2022	2021
	\$	\$
Consignment held by customers	-	-
Contract liability	521,602	200,750
	<b>521,602</b>	<b>200,750</b>

**NOTE 8 PROVISIONS**

	2022	2021
	\$	\$
Superannuation payable	60,987	14,836
PAYG Payable	4,336	50,827
Annual leave provision	172,120	94,359
	<u>237,443</u>	<u>160,022</u>

**NOTE 9 LEASE LIABILITY**

	2022	2021
	\$	\$
Current		
Lease liability	20,066	8,740
Unexpired interest	(729)	(1,599)
	<u>19,337</u>	<u>7,141</u>
Non-current		
Lease liability	-	18,721
Unexpired interest	-	(567)
	<u>-</u>	<u>18,154</u>

As part of the acquisition of Murray Meds Pty Ltd, a lease liability was acquired (Note 3). The terms of the lease arrangement, entered into the finance the purchase of a motor vehicle are as follows, 48-month term ending in January 2023 and monthly repayments of \$672.28 at 6.85% p.a.

**NOTE 10 ISSUED CAPITAL**

	2022	2021
	\$	\$
<b>Issued and paid up Capital</b>		
Ordinary Shares Fully Paid	<u>32,786,341</u>	<u>24,870,764</u>

	Date	Issue price	No. of Shares	\$
<b>Movement in ordinary shares on issue</b>				
Balance at the beginning of the year	1 July 2020	-	507,591,067	10,230,396
July 2020 share placement	3 August 2020	\$0.0175	34,285,715	600,000
Placement August	26 August 2020	0.0175	42,868,423	750,197
Incentive shares issued <sup>(i)</sup>	2 November 2020	0.0250	1,250,000	31,250
Placement December	17 December 2020	\$0.045	88,888,889	4,000,000
Acquisition of Murray Meds	15 March 2021	\$0.054	100,000,000	5,400,000
Share placement - Mar 2021	24 March 2021	\$0.050	80,000,000	4,000,000
Placement of shortfall	26 April 2021	\$0.050	7,963,241	398,162
Incentive shares issued <sup>(ii)</sup>	30 June 2021	\$0.036	133,332	4,800
Capital raising costs				(544,041)
Balance at the end of year	30 June 2021		862,980,667	24,870,764
<b>Balance at the beginning of the year</b>	<b>1 July 2021</b>	<b>-</b>	<b>862,980,667</b>	<b>24,870,764</b>
<b>Conversion of Performance Rights to shares</b>	<b>8 September 2021</b>	<b>\$0.040</b>	<b>43,750,000</b>	<b>1,750,000</b>
<b>Placement November</b>	<b>4 November 2021</b>	<b>\$0.033</b>	<b>198,484,848</b>	<b>6,550,000</b>
<b>Placement to Director</b>	<b>13 January 2022</b>	<b>\$0.033</b>	<b>1,515,152</b>	<b>50,000</b>
<b>Capital raising costs</b>				<b>(434,423)</b>
<b>Balance at the end of year</b>	<b>30 June 2022</b>		<b>1,106,730,667</b>	<b>32,786,341</b>

## Notes to the Consolidated Financial Statements

- (i) The incentive shares were granted on 19 November 2020 to an employee. The arrangement is deemed a share-based payment. As it cannot be valued based on services, the fair value was determined as the share price on grant date, being the AGM approval on 19 November 2020.
- (ii) The incentive shares were granted on 30 June 2021 to an employee. The arrangement is deemed a share-based payment. As it cannot be valued based on services, the fair value was determined as the share price on grant date, being the 30 June 2021.

### Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

### NOTE 11 LOSS PER SHARE

	2022	2021
	\$	\$
Net loss attributable to ordinary equity holders of the Company	(1,148,911)	(4,335,572)
Weighted average number of ordinary shares for basic and diluted loss	1,029,128,446	676,353,751

### Continuing operations

- Basic and diluted loss per share (cents)	(0.11)	(0.64)
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### NOTE 12 INTERESTS IN SUBSIDIARIES

	Principal Activities	Country of Incorporation	Ownership interest	
			2022 %	2021 %
ECS Botanics Pty Ltd	Hemp retail	Australia	100	100
Tasmanian Cannaboids Pty Ltd Investment	Agriculture	Australia	100	100
Tasmanian Hemp Pty Ltd Investment	Agriculture	Australia	100	100
Flowerday Farms Pty Ltd*	Agriculture	Australia	100	100
Murray Meds Pty Ltd*	Agriculture	Australia	100	100

\* The companies were acquired on 12 March 2021.