

## Appendix 4D

	<b>31-Dec-23</b>	Restated 31-Dec-22	% Change
	\$	\$	
Revenue from ordinary activities	<b>11,684,882</b>	6,857,102	70%
Profit (Loss) from ordinary activities after tax attributable to members	<b>1,248,263</b>	(1,365,772)	191%
Net Profit (Loss) attributable to members	<b>1,248,263</b>	(1,365,772)	191%

<b>NET TANGIBLE ASSETS PER SECURITY</b>	<b>31-Dec-23</b>	31-Dec-22
	Cents	Cents
Net tangible assets per security	<b>2.76</b>	2.24

<b>EARNINGS PER SHARE</b>	<b>31-Dec-23</b>	31-Dec-22
	Cents	Cents
Basic earnings (loss) per share	<b>0.11</b>	(0.12)
Diluted earnings (loss) per share	<b>0.11</b>	(0.12)

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ABN 98 009 805 298

# Financial Report

For the Half Year Ended  
31 December 2023



# Contents.

Contents.....	2
Half-Year Report December 2023 Highlights .....	3
Directors' Report .....	6
Auditor's Independence Declaration .....	10
Consolidated Statement of Profit or Loss and Other Comprehensive Income .....	11
Consolidated Statement of Financial Position .....	12
Consolidated Statement of Changes in Equity .....	13
Consolidated Statement of Cash Flows .....	14
Notes to the Consolidated Financial Statements.....	15
Director's Declaration .....	28
Independent Auditor's Review Report .....	29

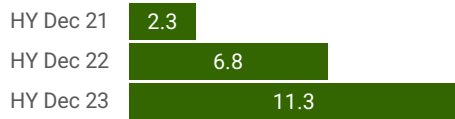
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## Half-Year Report December 2023 Highlights.

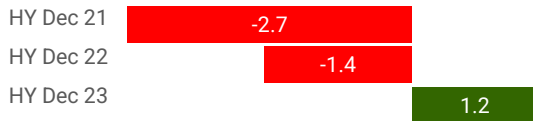
### Trading Revenue (\$m)

↑ **66%**



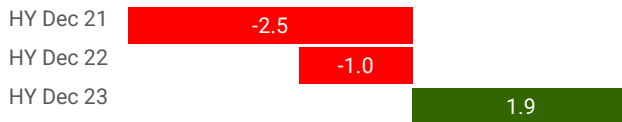
### NPBT (\$m)

↑ **186%**



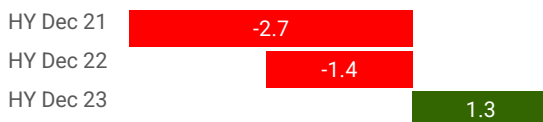
### EBITDA (\$m)

↑ **290%**



### EBIT

↑ **193%**



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## STRATEGIC FOCUS

Expanding margins through innovation and technology, whilst expanding production capacity to further build on recent contract wins.



### Scale Revenue

- ✓ Record H1 FY24 trading revenue of \$11.3 million an increase of 66% on H1 FY23.
- ✓ Contracted ~A\$60m in 18 months.
- ✓ Potential to increase production capability to current licensed capacity of 13 tonnes.
- ✓ Expand GMP manufacturing facility to process volumes.
- ✓ Planned construction of up to 9 new PCE's to meet licensed production capacity.



### Develop Unique IP

- ✓ Launch of VESIsorb® oils technology in Q3 FY24.
- ✓ Scientific evaluation of VESIsorb® confirms over four times more bioavailable as well as three times faster absorption than that currently available on the market.
- ✓ 10-year license agreement to use VESIsorb® in Cannabis exclusively in Aus, NZ, and UK.



### Improve Productivity

- ✓ Heating and Lighting for year-round growth following successful R&D trials.
- ✓ Controlled heating and lighting will materially increase yield in installed PCE's as a result of year-round cultivation.
- ✓ Continued genetics development will drive higher yields.



### Low-Cost Model

- ✓ Increased scale and yields
- ✓ Vertical integration and 'own brand' to expand margins.
- ✓ Supply chain expansion via formulating and bottling facility to further enhance margins.



### Cash Flow Positive

- ✓ Positive operating cash flow for the half of \$0.6m, marking a successive half-yearly period being cash flow positive, despite the significant investment of 60% expansion in growth infrastructure.



### Focus on Own Brand

- ✓ Successful launch key to building brand equity.
- ✓ Recent launch of vapes and pastilles white-label products.

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## Message from the Managing Director.

### Dear Shareholders

Financial stability through a robust business model and disciplined approach to growth is enabling ECS to position itself as Australia's lowest-cost medicinal cannabis cultivator and manufacturer.

ECS is now seeing the benefits of a capital light-business model and our ability to effectively build scale into our operations. We delivered a strong first half for FY24 with record revenue and customer receipts as our rate of growth accelerated, and importantly, achieved a profit.

Over the last six months we have expanded our growing area by 60%, signed major contract agreements and experienced a notable increase in demand for our expanding product range.

Our growth strategy has remained measured and disciplined to prioritise financial stability, while retaining the agility necessary to scale and harness opportunities that have arisen. This approach has led to record revenue and cash receipts in H1 FY24 and positive net operating cash flow.

Expanding our pharmaceutical-grade production facility and outdoor cultivation space to incorporate new fields and a dedicated zone for CBD biomass will significantly increase our annual production capacity. The area will be used to grow the high-grade medicinal cannabis required to fulfil our contractual obligations, including the five-year, \$24 million binding off-take agreement with Medicann Health that was signed during the half.

Our Research and Development Program ensures we are at the forefront of producing the highest quality medicinal cannabis, with our most recent trial into optimal lighting and heating conditions for year-round cannabis

flower cultivation yielding positive results. This in turn led to the development of seven new cultivars. These commenced commercial production in December 2023.

In November 2023 ECS Botanics received an ACO Organic Certificate of Compliance in accordance with the Australian National Standard for Organic and Biodynamic Produce. ECS will be considered "organic in conversion" for 12 months following certification.

As we transition into the second half of the year, we are well positioned to navigate the dynamic landscape of the cannabis industry and sustain our momentum, through increased growing area, improved cultivation methods, broader product ranges, introducing a B2C channel and launching our proprietary line of medicinal cannabis oils that incorporate our VESIorb® technology.

These initiatives coupled with our pipeline of activity, will ensure ECS remains strategically positioned as Australia's lowest-cost medicinal cannabis cultivator and manufacturer.

We thank our valued shareholders, employees, and customers for their unwavering support and look forward to the remainder of 2024 in what we envisage to be a strong year for ECS.



A handwritten signature in blue ink that reads "Nan".

**Nan-Maree Schoerie**  
**Managing Director**

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## 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 2023.

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	Non-Executive Director	Appointed 10 February 2023

### Company Secretary

Mr Mauro Piccini



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# Directors' Report

## 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 relevant period, a significant expansion of licensed production capacity to 13.7 tonnes was approved by the Office of Drug Control. The Victoria facility also underwent the annual Office of Drug Control audit with no significant improvement recommendations reported.

### Operations

ECS made strategic investments to expand its outdoor cultivation space by 60%, integrating new fields and establishing a dedicated zone for CBD biomass. Adjustment in plant spacing was implemented to streamline mechanical foliar spraying processes, aiming to enhance productivity. These improvements are expected to significantly increase annual production capacity and further reduce operating costs.

ECS concluded its Research and Development project in one of the Protective Cropping Enclosures (PCEs) during the half, achieving positive outcomes. The study identified optimal lighting and heating conditions for year-round cannabis cultivation. The trial assessed the impact of heating on yield and potency during colder months, exploring techniques such as sensor utilization and climate control. Some effective methods have been integrated into ongoing PCE operations, promising increased yield and revenue. The R&D project resulted in the development of seven new cultivars. These commenced commercial production in December. This initiative addresses customer demands for exclusive cultivars, diversifying product offerings.

Due to the successful trial, ECS allocated additional funding for lighting and heating, as well as a power upgrade, in order to introduce heating and lighting to a total of 15 PCEs (including 9 new PCE's) over the next 18 months. The company anticipates a material increase in production from these PCEs in a year-round grow cycle.

### Commercial Activities

ECS formalised a partnership agreement with Steritech to provide GMP contract packaging services for medicinal cannabis flower. Under this agreement, ECS will benefit from preferential pricing for packaging of its products and be able to offer competitive pricing for contract packaging for customers wishing to import medicinal cannabis dried flower.

Over the half, ECS saw a significant rise in oil orders during the half with 148,325 units ordered, exceeding the previous highest half by 86%.

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## Directors' Report

### Corporate

ECS achieved profitable operations in H1 FY24, recording a Net Profit After Tax of \$1.2 million, representing significant improvement on prior year (H1 FY23: loss of \$1.4 million). Production and manufacturing costs amounted to \$6.59 million. Payments to related parties (\$319,000) under the Section 6.1 of Appendix 4C were made to Director related entities; \$251,458 for Director and consulting fees paid to Directors and/or Director related entities, plus \$31,763 Company Secretarial, registered office services and a further \$35,547 for Pharmaceutical and IT consultancy services.

### Cash

ECS remains well funded with a cash balance of \$2.6 million as at 31 December 2023, along with a NAB facility of \$2 million which remains undrawn. ECS secured an equipment financing facility with NAB for \$1 million, of which \$0.3 million was utilised to fund the heating and lighting project. Currently, \$265K equipment financing facility is still available to use.



### Financial Results

The financial results of the Company for the half year ended 31 December 2023 are:

	<b>31-Dec-23</b>	<b>30-Jun-23</b>
Cash and cash equivalents	<b>2,585,083</b>	2,542,260
Net assets	<b>23,528,443</b>	22,202,194
	<b>31-Dec-23</b>	<b>30-Jun-23</b>
Net profit(loss) after tax	<b>1,248,263</b>	(1,365,772)
Earnings/(Loss) per share	<b>0.1128</b>	(0.0677)

### 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.

## Directors' Report

### Events Occurring After Reporting Date

ECS announced on 1st February 2024 that it had entered into a binding offtake agreement to supply medicinal cannabis dried flower over the next 3 years to Rokshaw Limited. Under the 3-year agreement, ECS will supply minimum 600kg of pharmaceutical-grade cannabis dried flower each year, which is expected to generate \$9.3 million in revenue for ECS.

On 22 February 2024, ECS announced to the market a successful \$4 million placement (Placement) of 181,818,900 new fully paid ordinary shares to new and existing investors at an issue price of A\$0.0220 per New Share. This price represented a 12.0% discount to the close price of A\$0.0250 per share on 19 February 2024, and a 10.3% discount to the 5 -day VWAP of \$0.0245 per share as at 19 February 2024.

The funds will accelerate key initiatives, including the addition of up to 9 new Protective Cropping Enclosures, infrastructure upgrades with a 2MVA electricity boost, new warehouse, and expand market presence through the launch of a proprietary brand. ECS will further develop vertical integration by white-label manufacturing oils and vapes and expanding downstream via the B2C channel with the Avani brand and VESIsorb technology.

There has been no other matter, or circumstance, that has arisen since the half-year ended 31 December 2023, 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 10 for the half-year ended 31 December 2023.

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



### Nan-Maree Schoerie

Managing Director  
26 February 2024

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## Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

### To the directors of ECS Botanics Holdings Limited

As lead auditor for the review of ECS Botanics Holdings Ltd for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

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



**William Buck Audit (Vic) Pty Ltd**  
ABN 59 116 151 136



**J. C. Luckins**  
Director  
Melbourne, 26 February 2024

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# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2023

	Note	31-Dec-23 \$	Restated 31-Dec-22 \$
<b>Revenue from continuing operations</b>			
Revenue		11,284,138	6,803,340
Other income	3	400,744	53,762
<b>Expenses</b>			
Corporate expenses	4	(1,100,615)	(882,981)
Cost of sales	4	(10,338,381)	(6,167,232)
Employment and consulting	4	(2,095,953)	(1,152,244)
Fair-Value gain/(loss) on biological assets		3,169,018	1,145,763
Inventory impairment		-	(493,120)
Research and development expenses	4	(52,126)	(54,607)
Finance costs		(18,562)	(1,752)
<b>Profit (loss) before income tax</b>		<b>1,248,263</b>	<b>(749,071)</b>
Income tax benefit/(expense)		-	-
<b>Profit (loss) from continuing operations</b>		<b>1,248,263</b>	<b>(749,071)</b>
Profit (loss) from discontinued operation, net of tax		-	(616,701)
<b>Profit (loss) for the period</b>		<b>1,248,263</b>	<b>(1,365,772)</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the period, net of income tax		-	-
<b>Other comprehensive income/(loss) for the period, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive profit (loss) attributable to the members of ECS Botanics Holdings Limited</b>		<b>1,248,263</b>	<b>(1,365,772)</b>
<b>Loss per share for the year attributable to the members of ECS Botanics Holdings Limited - discontinued operations</b>			
Basic loss per share (cents)	5	-	(0.0557)
Diluted loss per share (cents)	5	-	(0.0557)
<b>Earning and Loss per share for the year attributable to the members of ECS Botanics Holdings Limited continuing operations</b>			
Basic earnings (loss) per share (cents)	5	0.1128	(0.0677)
Diluted earnings (loss) per share (cents)	5	0.1102	(0.0677)
<b>Earning and Loss per share for the year attributable to the members of ECS Botanics Holdings Limited</b>			
Basic earnings (loss) per share (cents)	5	0.1128	(0.1234)
Diluted earnings (loss) per share (cents)	5	0.1102	(0.1234)

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 2023

	Note	31-Dec-23 \$	30-Jun-23 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		2,585,083	2,542,260
Trade and other receivables	6	3,595,657	2,545,694
Deposits and advances		1,733,943	1,061,875
Inventory		8,269,187	7,965,058
Biological assets		2,077,374	-
<b>Total current assets</b>		<b>18,261,244</b>	<b>14,114,887</b>
<b>Non-current assets</b>			
Plant and Equipment	8	7,939,278	7,570,493
Intangible assets		2,362,299	2,514,280
Goodwill		1,050,000	1,050,000
Other Non-current trade receivables	7	877,800	877,800
<b>Total non-current assets</b>		<b>12,229,377</b>	<b>12,012,573</b>
<b>Total assets</b>		<b>30,490,621</b>	<b>26,127,460</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		4,841,590	2,273,618
Employee provisions and payables		429,745	329,807
Contract liabilities	9	862,569	991,744
Hire purchase liability		179,978	68,974
<b>Total current liabilities</b>		<b>6,313,882</b>	<b>3,664,143</b>
<b>Non-current liabilities</b>			
Hire purchase liability		648,296	261,123
<b>Total Non-current liabilities</b>		<b>648,296</b>	<b>261,123</b>
<b>Total liabilities</b>		<b>6,962,178</b>	<b>3,925,266</b>
<b>Net Assets</b>		<b>23,528,443</b>	<b>22,202,194</b>
<b>Equity</b>			
Issued capital		32,786,341	32,786,341
Reserves	10	192,265	364,853
Accumulated losses		(9,450,163)	(10,949,000)
<b>Total equity</b>		<b>23,528,443</b>	<b>22,202,194</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 Half-Year Ended 31 December 2023

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
<b>At 1 July 2023</b>	32,786,341	364,853	(10,949,000)	22,202,194
Profit for the period	-	-	1,248,263	1,248,263
Other comprehensive income	-	-	-	-
<b>Total comprehensive income/(loss) for the period after tax</b>	-	-	<b>1,248,263</b>	<b>1,248,263</b>
<b>Transactions with owners in their capacity as owners:</b>				
Transfer of share-based payments reserve	-	(250,574)	250,574	-
Vesting of share-based payments	-	77,986	-	77,986
<b>Balance at 31 December 2023</b>	<b>32,786,341</b>	<b>192,265</b>	<b>(9,450,163)</b>	<b>23,528,443</b>
<b>At 1 July 2022</b>	32,786,341	250,574	(10,867,241)	22,169,674
Loss for the period	-	-	(1,365,772)	(1,365,772)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income/(loss) for the period after tax</b>	-	-	<b>(1,365,772)</b>	<b>(1,365,772)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Vesting of share-based payments	-	37,564	-	37,564
<b>Balance at 31 December 2022</b>	<b>32,786,341</b>	<b>288,138</b>	<b>(12,233,013)</b>	<b>20,841,466</b>

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

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## Consolidated Statement of Cash Flows

### For the Half-Year Ended 31 December 2023

	Note	31-Dec-23 \$	Restated 31-Dec-22 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		10,482,064	6,227,718
Payment to suppliers and employees		(10,064,501)	(5,673,049)
Interest received		23,680	5,017
Interest paid		(18,562)	(1,752)
<b>Net cash inflow from operating activities</b>		<b>422,681</b>	<b>557,934</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8	(78,055)	(550,116)
Purchase of land & buildings	8	(322,007)	(1,770,853)
Purchase of other farm assets	8	(477,973)	-
Disposal of discontinued operation, net of cash disposed of		-	2,883,858
<b>Net cash inflow (outflow) from investing activities</b>		<b>(878,035)</b>	<b>562,889</b>
<b>Cash flows from financing activities</b>			
Borrowings		541,038	61,746
Lease repayments		(42,861)	(6,189)
<b>Net cash inflow from financing activities</b>		<b>498,177</b>	<b>55,557</b>
<b>Net increase in cash and cash equivalents</b>		<b>42,823</b>	<b>1,176,380</b>
Cash and cash equivalents at the beginning of the period		2,542,260	1,772,964
<b>Cash and cash equivalents at the end of the period</b>		<b>2,585,083</b>	<b>2,949,344</b>

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

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# Notes to the Consolidated Financial Statements

## For the Half-Year Ended 31 December 2023

### NOTE 1

#### Material Accounting Policy Information

##### Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2023 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 2023 annual financial report for the financial year ended 30 June 2023.

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 2023, 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.

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# Notes to the Consolidated Financial Statements

## For the Half-Year Ended 31 December 2023

### NOTE 2

#### Restatement of comparatives

##### Correction of Error

The consolidated entity noted a prior period error for the period ended 31 December 2022 where the disposal of the ECS Botanics Food and Wellness Business was not appropriately disclosed as a discontinued operation under AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*. The consolidated entity has restated each of its affected financial statement line items for the prior period ended 31 December 2022, in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The impact of the change is presented below.

	As previously reported 31-Dec-22	Adjustment	As Restated 31-Dec-22
	\$	\$	\$
<b>Revenue</b>			
Revenue	6,918,886	(115,546)	6,803,340
Other income/ (expenses)	(43,720)	97,482	53,762
<b>Expenses</b>			
Cost of goods sold	(6,269,241)	102,008	(6,167,233)
Marketing expenses	(48,610)	2,703	(45,907)
Occupancy expenses	(121,204)	5,366	(115,838)
Administrative expenses	(228,814)	51,314	(177,500)
Professional fees	(194,080)	1,350	(192,730)
Legal fees	(64,868)	4,195	(60,673)
Consulting and corporate advisory fees	(144,018)	100,000	(44,018)
Compliance and regulatory expenses	(81,461)	(919)	(82,380)
Wages and superannuation	(1,188,533)	310,600	(877,933)
Inventory write-off	(551,270)	58,150	(493,120)
<b>Loss before income tax</b>	<b>(1,365,772)</b>	<b>616,701</b>	<b>(749,071)</b>
<b>Loss after income tax</b>	<b>(1,365,772)</b>	<b>616,701</b>	<b>(749,071)</b>
<b>Loss from continuing operations</b>	-	-	<b>(749,071)</b>
<b>Loss from discontinued operation, net of tax</b>	-	<b>(616,701)</b>	<b>(616,701)</b>
<b>Loss per share for the period attributable to the members of ECS Botanics Holdings Limited - discontinued operations</b>			
Basic loss per share (cents)	-	(0.0557)	(0.0557)
Diluted loss per share (cents)	-	(0.0557)	(0.0557)
<b>Loss per share for the period attributable to the members of ECS Botanics Holdings Limited - continuing operations</b>			
Basic loss per share (cents)	-	(0.0677)	(0.0677)
Diluted loss per share (cents)	-	(0.0677)	(0.0677)
<b>Loss per share for the period attributable to the members of ECS Botanics Holdings Limited</b>			
Basic loss per share (cents)	(0.1234)	-	(0.1234)
Diluted loss per share (cents)	(0.1234)	-	(0.1234)



# Notes to the Consolidated Financial Statements

## For the Half-Year Ended 31 December 2023

	As previously reported 31-Dec-22	Adjustment	As Restated 31-Dec-22
	\$	\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers	6,329,254	(101,536)	6,227,718
Payment to suppliers and employees	(6,233,944)	560,895	(5,673,049)
Interest received	5,017	-	5,017
Interest paid	(1,752)	-	(1,752)
<b>Net cash inflow from operating activities</b>	<b>98,575</b>	<b>459,359</b>	<b>557,934</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(550,116)	-	(550,116)
Purchase of land & buildings	(1,770,853)	-	(1,770,853)
Disposal of discontinued operation, net of cash disposed of	-	2,883,858	2,883,858
Proceeds from the sale of shares in ECS Botanics Pty Ltd	3,000,000	(3,000,000)	-
Proceeds from the sale of investment in Food and wellness	250,000	(250,000)	-
<b>Net cash outflow from investing activities</b>	<b>929,031</b>	<b>(366,142)</b>	<b>562,889</b>
<b>Cash flows from financing activities</b>			
Borrowings	61,746	-	61,746
Lease repayments	(6,189)	-	(6,189)
<b>Net cash inflow from financing activities</b>	<b>55,557</b>	<b>-</b>	<b>55,557</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>1,083,164</b>	<b>93,217</b>	<b>1,176,381</b>
Cash and cash equivalents at the beginning of the period	1,866,181	(93,217)	1,772,964
<b>Cash and cash equivalents at the end of the period</b>	<b>2,949,344</b>	<b>-</b>	<b>2,949,344</b>

### NOTE 3

#### Other Income

	31-Dec-23	Restated 31-Dec-22
	\$	\$
Finance income	15,063	5,017
Government grants	383,945	48,745
Rental income	1,736	-
	<b>400,744</b>	<b>53,762</b>

# Notes to the Consolidated Financial Statements

## For the Half-Year Ended 31 December 2023

### NOTE 4 Expenses

	31-Dec-23	Restated 31-Dec-22
	\$	\$
Cost of products or raw materials	9,191,189	4,957,850
Wages and superannuation	1,796,352	841,933
Direct production labour costs	1,105,551	1,195,696
Depreciation and amortisation expense	662,695	402,432
Professional fees	159,448	192,729
Marketing	119,496	45,907
Administration	103,854	175,749
Compliance and regulatory expenses	89,581	82,380
Occupancy	84,990	115,839
Share based payment expense	77,987	37,564
Directors' fees	62,167	36,000
Research and development costs	52,126	54,607
Consumable & processing costs	41,641	13,686
Corporate consulting and advisory fees	37,457	-
Legal fees	2,543	60,674
Medicinal cannabis consulting fees	-	44,018
<b>Total</b>	<b>13,587,074</b>	<b>8,257,064</b>

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# Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2023

## NOTE 5

### Earning and Loss per Share

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the reporting period.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the reporting period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

	31-Dec-23	Restated 31-Dec-22
	\$	\$
<b>Net loss attributable to ordinary equity holders of the company</b>	1,248,263	(1,365,772)
<b>Weighted average number of ordinary shares for basic and diluted loss</b>	1,106,730,667	1,106,730,667
<b>Effects of dilution from:</b>		
<b>Share options</b>	-	112,000,068
<b>Performance rights</b>	26,000,000	26,000,000
<b>Weighted average number of ordinary shares adjusted for the effect of dilution</b>	1,132,730,667	1,244,730,735
<b>Loss per share for the year attributable to the members of ECS Botanics Holdings Limited -</b>		
<b>Discontinued operations</b>		
Basic loss per share (cents)	-	(0.0557)
Diluted loss per share (cents)	-	(0.0557)
<b>Earning and Loss per share for the year attributable to the members of ECS Botanics Holdings Limited - Continuing operations</b>		
Basic earnings and (loss) per share (cents)	0.1128	(0.0677)
Diluted earnings and (loss) per share (cents)	0.1102	(0.0677)
<b>Earning and Loss per share for the year attributable to the members of ECS Botanics Holdings Limited</b>		
Basic earnings and (loss) per share (cents)	0.1128	(0.1234)
Diluted earnings and (loss) per share (cents)	0.1102	(0.1234)

## NOTE 6

### Trade and Other Receivables

	31-Dec-23	30-Jun-23
	\$	\$
Trade receivables	2,809,860	2,028,267
Other trade receivables (Note 7)	475,200	475,200
Other receivables	310,597	42,227
<b>Total trade and other receivables</b>	<b>3,595,657</b>	<b>2,545,694</b>



# Notes to the Consolidated Financial Statements

## For the Half-Year Ended 31 December 2023

### Allowance for Expected Credit Loss

Receivables past due but not considered impaired are \$8,277 (2023: \$92,646). Other receivables are non-interesting bearing and are generally on terms of 30 days.

On the basis, the loss allowance as at 31 December 2023 was determined as follows:

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	Total
Expected loss rate	-	-	-	-	-	
<b>Gross carrying amount - trade receivables</b>	2,615,964	74,067	55,228	56,324	8,277	2,809,860

### NOTE 7

#### Other Non-current Trade Receivables

	31-Dec-23 \$	30-Jun-23 \$
<b>Other non-current trade receivables*</b>	<b>877,800</b>	<b>877,800</b>

\*During the financial year 2022-2023 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 2023, 475,200 is included in Trade and other receivables and 877,800 is included in Other Non-current trade receivables to reflect this arrangement.

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# Notes to the Consolidated Financial Statements

## For the Half-Year Ended 31 December 2023

### NOTE 8

#### Property, Plant and Equipment

	Land	Buildings	Other farm assets	Property plant and equipment	Motor vehicles	Total
	\$	\$	\$	\$	\$	\$
<b>Cost or fair value</b>						
Balance at 1 July 2023	816,146	3,035,402	3,317,983	1,653,678	34,909	8,858,118
Additions	-	322,007	430,458	78,055	47,515	878,035
<b>Balance at 31 December 2023</b>	<b>816,146</b>	<b>3,357,409</b>	<b>3,748,441</b>	<b>1,731,733</b>	<b>82,424</b>	<b>9,736,153</b>
<b>Accumulated depreciation</b>						
Balance at 1 July 2023	-	262,227	755,476	235,013	34,909	1,287,625
Depreciation during the period	-	59,052	335,650	113,930	618	509,250
<b>Balance at 31 December 2023</b>	<b>-</b>	<b>321,279</b>	<b>1,091,126</b>	<b>348,943</b>	<b>35,527</b>	<b>1,796,875</b>
<b>Carrying amounts</b>						
at 31 December 2023	816,146	3,036,130	2,657,315	1,382,790	46,897	7,939,278
at 30 June 2023	816,146	2,773,175	2,562,507	1,418,665	-	7,570,493

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## Notes to the Consolidated Financial Statements

### For the Half-Year Ended 31 December 2023

#### NOTE 8

#### Property, Plant and Equipment (Continued)

	Land	Buildings	Other farm assets	Property plant and equipment	Motor vehicles	Total
	\$	\$	\$	\$	\$	\$
Cost or fair value						
Balance at 1 July 2022	816,146	2,581,690	1,314,423	1,005,010	34,909	5,752,178
Additions	-	453,712	2,003,560	648,668	-	3,105,940
Balance at 30 June 2023	816,146	3,035,402	3,317,983	1,653,678	34,909	8,858,118
Accumulated depreciation						
Balance at 1 July 2022	-	168,133	257,774	93,628	26,230	545,765
Depreciation for the year	-	94,094	497,702	141,385	8,679	741,860
Balance at 30 June 2023	-	262,227	755,476	235,013	34,909	1,287,625
Carrying amounts						
at 30 June 2023	816,146	2,773,175	2,562,507	1,418,665	-	7,570,493
at 30 June 2022	816,146	2,413,557	1,056,647	911,382	8,679	5,206,411

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# Notes to the Consolidated Financial Statements

## For the Half-Year Ended 31 December 2023

### NOTE 9

#### Contract Liabilities

	31-Dec-23	30-Jun-23
	\$	\$
Contract liabilities	862,569	991,744

As of 31 December 2023, the Company has contractual obligations to supply customers with deposits committed as below:

<b>Opening balance as at 01 Jul 2023</b>	<b>991,744</b>
Contract revenue recognised during the period	(3,620,706)
Additional contract liabilities recognised during the period	3,491,531
<b>Closing balance as at 31 December 2023</b>	<b>862,569</b>

### NOTE 10

#### Share Based Payment and Reserve

	31-Dec-23	30-Jun-23
	\$	\$
<b>Share based payment reserve</b>		
Opening balance at 01 July	364,853	250,574
Performance rights vested	-	-
Transfer of share-based payments reserve <sup>1</sup>	(250,574)	-
Vesting of performance rights <sup>2</sup>	77,986	114,279
Closing balance at 31 December	<u>192,265</u>	<u>364,853</u>

<sup>1</sup>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 options have expired on 17 December 2023 without exercise. This balance has been transferred to retained earnings during the period.

<sup>2</sup>During the last half-year 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 77,986 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 AU20,000,000 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 AU1,300,000 between the issue date and date of expiry;



# Notes to the Consolidated Financial Statements

## For the Half-Year Ended 31 December 2023

### 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 AU0.050 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 AU0.075 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%	-	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
<b>Total value at grant date (\$)</b>	<b>82,500</b>	<b>0</b>	<b>88,125</b>	<b>47,500</b>	<b>156,000</b>

Key Management Personnel	Tranche	No. of Rights	Fair value per right (\$)	Total Value (\$)
Blaise Bratter	BB	6,000,000	0.0260	156,000
<b>Blaise Bratter Total</b>		<b>6,000,000</b>	<b>0.0260</b>	<b>156,000</b>
Jeremy King	C	2,500,000	0.0141	35,250
Jeremy King	D	2,500,000	0.0076	19,000
<b>Jeremy King Total</b>		<b>5,000,000</b>	<b>0.0217</b>	<b>54,250</b>
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
<b>Nan-Maree Schoerie Total</b>		<b>11,250,000</b>	<b>0.0437</b>	<b>163,875</b>
<b>Grant Total</b>		<b>22,250,000</b>		<b>374,125</b>

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# Notes to the Consolidated Financial Statements

## For the Half-Year Ended 31 December 2023

### NOTE 11

#### Related-Parties Transactions

	31-Dec-23	31-Dec-22
	\$	\$
The following transactions occurred with related parties:		
ARQ Capital Pty Ltd <sup>(i)</sup>	19,980	18,000
Bushwood Nominees Pty Ltd <sup>(ii)</sup>	25,345	18,000
Keach & Co <sup>(iii)</sup>	40,316	-
Mirador Corporate Pty Ltd <sup>(iv)</sup>	40,650	58,650
Pharmout <sup>(v)</sup>	8,654	67,453
Qiksolve Pty Ltd <sup>(vi)</sup>	26,932	9,829
Nan-Maree Schoerie <sup>(vii)</sup>	38,168	12,239
Jeremy King <sup>(vii)</sup>	12,635	4,052
Blaise Bratter <sup>(vii)</sup>	27,182	21,273
<b>Total</b>	<b>239,862</b>	<b>209,496</b>

- (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) Keach & Co was paid for Director fees, of which Alex Keach is a director, and for Contracting and investor relations.
- (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) Pharmout was paid for consulting fees, an entity owned by a close family member of Nan-Maree Schoerie.
- (vi) Qiksolve Pty Ltd paid for consulting fees, an entity owned by a close family member of Nan-Maree Schoerie.
- (vii) Vesting of share-based payments from 26,000,000 Rights to the members of the Board and Senior Management in prior reporting periods, see further details in NOTE10: SHARE BASED PAYMENT AND RESERVE.

### NOTE 12

#### 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.

During the reporting period ended 30 June 2023, the Company made the Sale of the ECS Botanics Food and Wellness Business and the Sale of the Tasmanian Business and Assets.

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.

# Notes to the Consolidated Financial Statements

## For the Half-Year Ended 31 December 2023

### Statement of Profit or Loss

	Botanics \$	MC & FDF \$	Corporate \$	Total \$
<b>31-Dec-2023</b>				
<b>Revenue</b>				
Retail sales	-	-	-	-
Wholesale sales	-	11,484,733	-	11,484,733
Other income	-	93,626	305,382	399,008
<b>Segment revenue</b>	-	<b>11,578,359</b>	<b>305,382</b>	<b>11,883,741</b>
<b>Segment result</b>	-	<b>1,643,208</b>	<b>(376,383)</b>	<b>1,266,825</b>
Finance costs	-	(18,562)	-	(18,562)
<b>Profit (Loss) before income tax</b>	-	<b>1,624,646</b>	<b>(376,383)</b>	<b>1,248,263</b>
Income tax expense	-	-	-	-
<b>Profit (Loss) after income tax</b>	-	<b>1,624,646</b>	<b>(376,383)</b>	<b>1,248,263</b>
<b>31-Dec-2022</b>				
<b>Revenue</b>				
Retail sales	12,503	-	-	12,503
Wholesale sales	103,043	6,803,340	-	6,906,383
Other income	(97,482)	48,745	5,017	(43,720)
<b>Segment revenue</b>	<b>18,064</b>	<b>6,852,085</b>	<b>5,017</b>	<b>6,875,166</b>
<b>Segment result</b>	<b>(616,701)</b>	<b>(336,481)</b>	<b>(412,590)</b>	<b>(1,365,772)</b>
Finance costs	-	(1,752)	-	(1,752)
<b>Loss before income tax</b>	<b>(616,701)</b>	<b>(336,481)</b>	<b>(412,590)</b>	<b>(1,365,772)</b>
Income tax expense	-	-	-	-
<b>Loss after income tax</b>	-	-	-	<b>(1,365,772)</b>

### Statement of Financial Position

<b>31-Dec-2023</b>				
<b>Segment assets</b>	-	<b>24,356,163</b>	<b>6,145,975</b>	<b>30,502,138</b>
<b>Segment liabilities</b>	-	<b>(6,886,900)</b>	<b>(86,795)</b>	<b>(6,973,695)</b>
<b>Capital expenditure</b>	-	<b>878,035</b>	-	<b>878,035</b>
<b>Depreciation and amortisation</b>	-	<b>814,675</b>	<b>(151,980)</b>	<b>662,695</b>
<b>30-Jun-2023</b>				
Segment assets	-	20,043,816	5,905,858	25,949,674
Segment liabilities	-	3,675,458	72,023	3,747,481
Capital expenditure	-	(3,105,940)	-	(3,105,940)
Depreciation and amortisation	-	(741,859)	(301,483)	(1,043,342)

Subsequent to the disposal of the discontinued operations, Botanics was no longer a segment of the entity at 30 June 2023.

During the reporting period ended 31 December 2023, approximately 58% (compared to 36% in the period ended 31 December 2022) of the Group's external revenue originated from significant customers, each contributing 10% or more of the total revenue. The breakdown is as follows:

Customer	31-Dec-23	31-Dec-2022
Company A	37%	26%
Company E	11%	5%
Company F	10%	5%

# Notes to the Consolidated Financial Statements

## For the Half-Year Ended 31 December 2023

### NOTE 13

#### Commitments and Contingencies

There have been no new contingent liabilities or contingent asset since 30 June 2023. There are no new capital commitments as at 31 December 2023 (30 June 2023: nil).

### NOTE 14

#### Events After the End of the Period

ECS announced on 1st February 2024 that it had entered into a binding offtake agreement to supply medicinal cannabis dried flower over the next 3 years to Rokshaw Limited. Under the 3-year agreement, ECS will supply minimum 600kg of pharmaceutical-grade cannabis dried flower each year, which is expected to generate \$9.3 million in revenue for ECS.

On 22 February 2024, ECS announced to the market a successful \$4 million placement (Placement) of 181,818,900 new fully paid ordinary shares to new and existing investors at an issue price of A\$0.0220 per New Share. This price represented a 12.0% discount to the close price of A\$0.0250 per share on 19 February 2024, and a 10.3% discount to the 5-day VWAP of \$0.0245 per share as at 19 February 2024.

The funds will accelerate key initiatives, including the addition of up to 9 new Protective Cropping Enclosures, infrastructure upgrades with a 2MVA electricity boost, new warehouse, and expand market presence through the launch of a proprietary brand. ECS will further develop vertical integration by white-label manufacturing oils and vapes and expanding downstream via the B2C channel with the Avani brand and VESIsorb technology.

There has been no other matter, or circumstance, that has arisen since the half-year ended 31 December 2023, 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.

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## Director's Declaration

### For the Half-Year Ended 31 December 2023

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 11 to 27 are in accordance with the Corporations Act 2001, including:
  - a. complying with Australian 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 2023 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  
26 February 2024

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# Independent auditor's review report to the members of ECS Botanics Holdings Limited

## Report on the half-year financial report



### Our conclusion

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 ECS Botanics Holdings Ltd (the Company), and its subsidiaries (the Group) does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year then ended; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### What was reviewed?

We have reviewed the accompanying half-year financial report of the Group, which comprises:

- the consolidated statement of financial position as at 31 December 2023,
- the consolidated statement of comprehensive income for the half-year then ended,
- the consolidated statement of changes in equity for the half-year then ended,
- the consolidated statement of cash flows for the half-year then ended,
- notes to the financial statements, including material accounting policy information, and
- the directors' declaration.

### 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 Group 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 our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

## Responsibilities 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.

## Auditor's responsibilities 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 2023 and its 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.



**William Buck Audit (Vic) Pty Ltd**  
ABN 59 116 151 136



**J. C. Luckins**  
Director

Melbourne, 26 February 2024

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