

ECS Botanics Holdings Ltd



ASX Announcement
28 August 2024

ECS Botanics achieves record harvest, revenue and profit

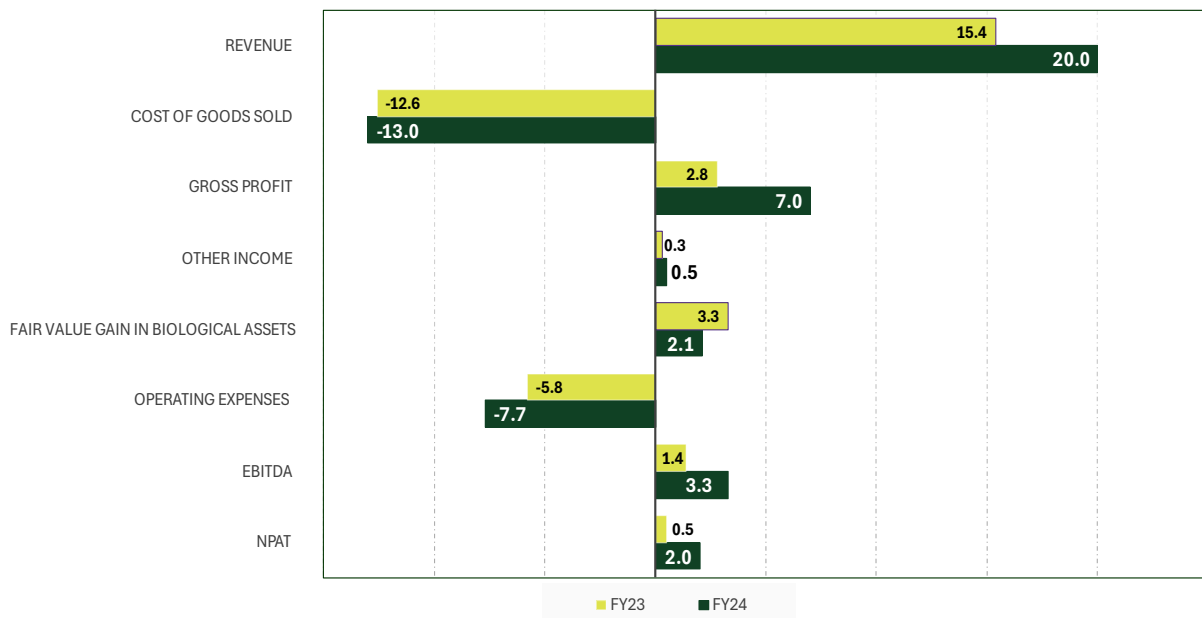
ECS Botanics Holdings Ltd (ASX: ECS) (“ECS” or the “Company”), a leading medicinal cannabis company, is pleased to announce its unaudited financial results for the 12 months ending 30 June 2024 (FY24).

FY24 Highlights:

- Total Revenue of \$20.5 million, up 31% on the prior corresponding period (pcp)
- Net Profit After Tax (NPAT) of \$2.0 million, up 305% on pcp¹
- Gross margins improved from 18.0% to 35% reflecting improved productivity
- Record harvest of 6.6 tonnes, up 57% on pcp with sell-through initiatives in place:
 - Long-term supply agreements in local and export markets
 - Commenced B2C sales and hired experienced B2C sales team
 - Launched new products (pastilles and vapes)
- Commenced construction on nine new Protective Crop Enclosures (PCEs)
- Healthy cash balance of \$3.2 million, supported by an undrawn NAB Facility of \$2.0 million³

Financial Update

Financial Performance of Continued Operations \$ million²



¹ 2023 NPAT from continued operations \$0.49m profit; 2023 NPAT from total operations \$0.82m loss

² Unaudited



ECS has delivered a strong performance in FY24, recording annual total income of \$20.5 million, a 31% increase on FY23, driven by increased production, increased export sales, fulfilling local contracts, an expanded product offering that includes gummies and vapes, and early contributions from direct-to-consumer (B2C) sales.

Gross margins improved from 18% to 35% (excluding the impact of fair value gain in biological assets). This margin improvement is a result of an ongoing focus on productivity across the business, a change in customer mix and a strategic emphasis on increasing exports.

Investment in genetic development, establishing a B2C capability and ECS brands as well as investment in regulatory requirements to facilitate exports contributed to an increase in operating expenses. The return on these investments will occur in future years.

Earnings Before Interest, Tax, Depreciation, and Amortisation (EBITDA) increased by 140% to \$3.3 million vs PCP of \$1.4 million, whilst the Net Profit After Tax (NPAT) from continuing operations increased by 305% to \$2.0 million vs PCP of \$0.5 million.

ECS ended FY24 with a healthy cash balance of \$3.2 million, which is further supported by an additional \$2 million undrawn NAB debt facility.

Commenting on the results, ECS Managing Director, Nan-Maree Schoerie said:

"FY24 has been an extremely productive year for ECS Botanic, as we continue to deliver on our strategic plan to grow our export business and launch our B2C business.

"Our record outdoor harvest of 6.6 tonnes surpassed expectations for both quantity and quality through our leading expertise in organic cannabis agriculture. Recent feedback from German customer Ilios Santé states our first shipment sold out within 10 days – a testament to the quality of our organic, pharmaceutical-grade cannabis. Following on from our genetic improvement programmes, we have recently launched six new exclusive strains, which will be coming to market in the next quarter, two of which are destined for Germany.

"To meet rising demand for lower priced product, we have invested in outdoor crop expansions and commenced procurement for the construction of nine additional PCEs and enhanced four existing PCEs with heating and lighting to support our rapidly growing premium export market.



Figure(i): Pink Sherbet: a strain exclusive to ECS

"Launching our direct-to-consumer Avani brand is another critical step in capturing additional market share and increasing our revenue streams and I am pleased with the early progress we have achieved.

"Evolving our intellectual property remains pivotal in our pursuit of a differentiated strategy. Our 10-year license for VESIsorb® grants us access to leading technology that increases the bioavailability of cannabinoids by 400%, making it substantially more cost-effective, and is uniquely absorbed by the user three-times faster than current methods. The delays associated with identifying a suitable manufacturer are behind us and we expect VESIsorb® to be available during 2024.



We remain focused on executing our growth strategy, building long-term value for shareholders, and maintaining our leadership position in the rapidly growing medicinal cannabis sector."

A Successful FY24 Production Season

Over the past 12 months, ECS produced 6.6 tonnes of dried cannabis flower, all of which is scheduled to be sold as dried flower or extracted to form cannabis oil products, in local and overseas medical markets. This represents an increase of 57% on the previous year.

Long Term Contracts

During FY24 the Company executed over \$33 million in binding, long term dried flower supply contracts with Australian and international customers and commenced supplying German pharmaceutical cannabis company, Ilios Santé, under the \$9.9 million supply contract executed in January 2023. This followed an extensive and rigorous quality control and regulatory process with Ilios Sante.

B2C Launch

In May 2024, ECS began direct-to-consumer (B2C) sales of medicinal cannabis products through a one-year agreement with Elite Medical Solutions. This partnership will retail ECS's soft gel capsules and oral liquids under the 'RAP' brand – ECS' military veteran's brand. ECS appointed an expert medical cannabis sales team to market directly to medical professionals, informing them of the therapeutic benefits and ensuring ECS' 'Avani' and 'RAP' branded products are widely available.

Capital Investment

Throughout the year the Company invested \$2.4 million into plant and equipment including new genetics and propagation rooms, the expansion of outdoor production fields, specialist heating and lighting for four PCEs, and the ongoing construction of nine new PCEs. The new PCEs feature solid concrete floors to enhance environmental control and cleanliness and are fitted with embedded heating and lighting that will ensure year-round production. The first of these new PCEs will begin production in early September, with all nine expected to be completed by April 2025. These ongoing investments are essential to supporting anticipated growth. Consistent with the Company's ethos, the construction of the PCEs is being managed in-house which is expected to result in a material cost reduction as compared to an externally managed project. These upgrades put ECS on track to expand production to 13 tonnes by FY26.





Figure (ii) New Protective Cropping Enclosures with concrete floors, currently under construction

Intellectual Property and Product Initiatives

In June 2023 ECS entered an exclusive partnership with global cannabis company, Geocann, for a ten-year deal to utilise its VESIsorb® technology in medicinal cannabis-based formulation products in Australia, New Zealand and the United Kingdom. A GMP manufacturer has been audited and approved, with product expected to be launched in October 2024.

At the beginning of the year, the Company successfully conducted a research project to explore the feasibility of year-round cultivation by implementing underfloor heating and supplemental grow lights. The trial led to the production in four PCEs during the winter. The new PCEs will now be configured for continuous, year-round growth. The Company has applied for a second power upgrade to enable all the PCE's to operate on a year-round production cycle,

The ECS' R&D team also commenced a breeding program to improve the quality of the genetics. Six new strains were added to the portfolio.

In November 2023 ECS launched a range of CBD and THC pastilles under white label. Pastilles are chewed and dissolved in the mouth, enabling the active ingredients to rapidly enter the bloodstream. ECS is also launched a white-label THC distillate vapes. ECS also entered into an agreement to supply CBD and THC softgel capsules, the first shipment is scheduled to be despatched in August.

Industry Recognition at the 2024 Cannabiz Awards

Building on the multiple accolades from the inaugural Cannabiz Awards in 2023, including Best Place to Work, Cultivator/Manufacturer of the Year, and Business Leader of the Year, at the 2024 Cannabiz Awards, ECS received the Environmental Social Governance award.

Subsequent Events

Subsequent to the year end:

- NAB increased the asset finance facility it has in place with the Company from \$1 million to \$4.4 million. This additional funding capacity provides ECS flexibility to continue to invest in technology and infrastructure to position the Company for further growth.
- The Victorian Government awarded the Company a \$118,000 manufacturing grant.

-ENDS-

Authorised on behalf of ECS Botanic Holding Ltd by Nan-Maree Schoerie, Managing Director.

About ECS Botanic Holdings Ltd

ECS Botanic Holdings Ltd is an Australian medicinal cannabis cultivator and manufacturer located in Northwest Victoria. ECS utilises progressive and innovative cultivation methodologies to produce high quality medicine in a sustainable way, adopting regenerative and organic horticultural practices and renewable energy sources. Licenced by the Australian Therapeutic Goods Administration to manufacture GMP (equivalent to PIC/S, EU agencies are all PIC/S members) certified products, ECS has become a leading provider of high-quality, affordable medicinal cannabis.



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**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 2024**
(Previous corresponding period is the year ended 30 June 2023)

| KEY INFORMATION | 30-Jun-24 | 30-Jun-23 | % Change |
|--|------------------|------------------|-----------------|
| | \$ | \$ | |
| Revenue from ordinary activities | 20,498,654 | 15,602,227 | 31.38% |
| Profit (Loss) from ordinary activities after tax attributable to members | 1,990,189 | (81,759) | 2534% |
| Net Profit (loss) attributable to members | 1,990,189 | (81,759) | 2534% |

DIVIDEND INFORMATION

No dividend has been proposed or declared

| NET TANGIBLE ASSETS PER SECURITY | 30-Jun-24 | 30-Jun-23 |
|---|------------------|------------------|
| | Cents | Cents |
| Net tangible assets per security | 2.55 | 2.36 |

| EARNINGS PER SHARE | 30-Jun-24 | 30-Jun-23 |
|-----------------------------------|------------------|------------------|
| | Cents | Cents |
| Basic earnings (loss) per share | 0.1703 | (0.0074) |
| Diluted earnings (loss) per share | 0.1634 | (0.0074) |

This report is based on, and should be read in conjunction with, the attached financial report for the year ended 30 June 2024 for ECS Botanics Holdings Limited, which is unaudited.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

| | Note | 2024 \$ | 2023 \$ |
|---|------|------------------|-----------------|
| Revenue from continuing operations | | | |
| Revenue | 1 | 20,030,356 | 15,388,929 |
| Other income | 1 | 468,299 | 284,786 |
| Expenses | | | |
| Corporate expenses | | (1,933,388) | (1,802,800) |
| Cost of sales | | (13,003,485) | (12,618,685) |
| Employment and consulting | | (4,055,779) | (3,240,139) |
| Fair-Value gain on biological assets | 6 | 2,106,249 | 3,268,811 |
| Inventory impairment | 5 | (1,620,680) | (727,461) |
| Research and development expenses | | (10,000) | (21,559) |
| Finance costs | | (61,771) | (40,511) |
| Profit before income tax | | 1,919,801 | 491,371 |
| Income tax benefit | | 70,388 | - |
| Profit from continuing operations | | 1,990,189 | 491,371 |
| Profit/(loss) from discontinued operation, net of tax | | - | (573,130) |
| Profit/(Loss) for the period | | 1,990,189 | (81,759) |
| Other comprehensive income | | | |
| Other comprehensive income/(loss) for the period, net of tax | | - | - |
| Other comprehensive income/(loss) for the period, net of tax | | - | - |
| Total comprehensive profit/(loss) attributable to the members of ECS Botanics Holdings Limited | | 1,990,189 | (81,759) |
| Loss per share from discontinued operations attributable to the members of ECS Botanics Holdings Limited | | | |
| Basic loss per share (cents) | 14 | - | (0.0518) |
| Diluted loss per share (cents) | 14 | - | (0.0518) |
| Profit per share from continuing operations attributable to the members of ECS Botanics Holdings Limited | | | |
| Basic earnings per share (cents) | 14 | 0.1703 | 0.0444 |
| Diluted earnings per share (cents) | 14 | 0.1634 | 0.0395 |
| Profit/(Loss) per share for the year attributable to the members of ECS Botanics Holdings Limited | | | |
| Basic earnings/(loss) per share (cents) | 14 | 0.1703 | (0.0074) |
| Diluted earnings/(loss) per share (cents) | 14 | 0.1634 | (0.0074) |

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

| | Note | 30-Jun-24 \$ | 30-Jun-23 \$ |
|--------------------------------------|------|-------------------|-------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 2 | 3,157,509 | 2,542,260 |
| Trade and other receivables | 3 | 1,786,844 | 2,545,694 |
| Deposits and advances | 4 | 1,666,812 | 1,061,875 |
| Inventory | 5 | 12,982,872 | 7,965,058 |
| Biological assets | 6 | 88,431 | - |
| Total current assets | | 19,682,468 | 14,114,887 |
| Non-current assets | | | |
| Plant and equipment | 7 | 8,547,760 | 7,570,493 |
| Intangible assets | 8 | 2,211,971 | 2,514,280 |
| Goodwill | | 1,050,000 | 1,050,000 |
| Other Non-current trade receivables | 3 | 1,238,600 | 877,800 |
| Deferred tax assets | | 150,429 | - |
| Total Non-current assets | | 13,198,760 | 12,012,573 |
| Total assets | | 32,881,228 | 26,127,460 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 9 | 2,630,155 | 2,273,618 |
| Employee provisions and payables | 10 | 602,930 | 329,807 |
| Contract liabilities | 11 | 411,734 | 991,744 |
| Hire purchase liability | 12 | 238,674 | 68,974 |
| Total current liabilities | | 3,883,493 | 3,664,143 |
| Non-current liabilities | | | |
| Hire purchase liability | 12 | 785,209 | 261,123 |
| Total Non-current liabilities | | 785,209 | 261,123 |
| Total liabilities | | 4,668,702 | 3,925,266 |
| Net Assets | | 28,212,526 | 22,202,194 |
| Equity | | | |
| Contributed equity | 13 | 36,532,054 | 32,786,341 |
| Reserves | 13 | 340,697 | 364,853 |
| Accumulated losses | | (8,660,225) | (10,949,000) |
| Total equity | | 28,212,526 | 22,202,194 |

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

Consolidated Statement of Changes in Equity

| | Issued Capital \$ | Reserves \$ | Accumulated Losses \$ | Total \$ |
|---|----------------------------------|------------------------|--------------------------------------|---------------------|
| At 1 July 2023 | 32,786,341 | 364,853 | (10,949,000) | 22,202,194 |
| Profit for the year | - | - | 1,990,189 | 1,990,189 |
| Total comprehensive income/(loss) for the year after tax | - | - | 1,990,189 | 1,990,189 |
| Transactions with owners in their capacity as owners: | | | | |
| Issue of share capital (net of costs) | 3,745,713 | - | - | 3,745,713 |
| Issue of options | - | 134,343 | - | 134,343 |
| Transfer of fair value of lapsed options | - | (250,574) | 250,574 | - |
| Vesting of performance rights | - | 140,087 | - | 140,087 |
| Transfer of fair value on lapsed performance rights | - | (48,012) | 48,012 | - |
| Balance at 30 June 2024 | 36,532,054 | 340,697 | (8,660,225) | 28,212,526 |
| | Issued Capital \$ | Reserves \$ | Accumulated Losses \$ | Total \$ |
| At 1 July 2022 | 32,786,341 | 250,574 | (10,867,241) | 22,169,674 |
| Loss for the year | - | - | (81,759) | (81,759) |
| Total comprehensive income/(loss) for the year after tax | - | - | (81,759) | (81,759) |
| Transactions with owners in their capacity as owners: | | | | |
| Issue of share capital (net of costs) | - | - | - | - |
| Issue of options | - | - | - | - |
| Vesting of performance rights | - | 114,279 | - | 114,279 |
| Balance at 30 June 2023 | 32,786,341 | 364,853 | (10,949,000) | 22,202,194 |

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

Consolidated Statement of Cash Flows

| | Note | 2024 \$ | 2023 \$ |
|---|------|--------------------|------------------|
| Cash flows from operating activities | | | |
| Receipts from customers | | 19,403,543 | 16,064,254 |
| Payment to suppliers and employees | | (20,878,213) | (15,676,255) |
| Interest Received | | 35,355 | 23,680 |
| Interest paid | | (46,830) | (9,000) |
| Net cash inflow/(outflow) from operating activities | 2(a) | (1,486,145) | 402,679 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (530,298) | (648,668) |
| Purchase of land & buildings | | (362,396) | (453,712) |
| Purchase of other farm assets | | (475,135) | (2,003,560) |
| Purchase of motor vehicle | | (47,516) | - |
| Purchase of other assets - construction in progress | | (977,062) | - |
| Disposal of discontinued operation, net of cash disposed of | | - | 3,213,796 |
| Distributions from equity-accounted investees | | - | 48,050 |
| Acquisition of intangible assets | | - | (193,265) |
| Net cash outflow from investing activities | | (2,392,407) | (37,359) |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | 859,521 | 355,108 |
| Proceeds from the issue of shares (net of costs) | | 3,800,015 | - |
| Lease repayments | | (165,735) | (44,349) |
| Net cash inflow from financing activities | | 4,493,801 | 310,759 |
| Net (decrease) / increase in cash and cash equivalents | | 615,249 | 676,079 |
| Cash and cash equivalents at the beginning of the period | | 2,542,260 | 1,866,181 |
| Cash and cash equivalents at the end of the period | 2 | 3,157,509 | 2,542,260 |

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 2023, the interim financial report for the half-year ended 31 December 2023 and any public announcement made by ECS Botanical Holdings Limited during the reporting period in accordance with the continuous disclosure requirement of the Corporations Act 2001.

NOTE 1 REVENUE

REVENUE

| | 30-Jun-24 | 30-Jun-23 |
|--------------------|-------------------|-------------------|
| | \$ | \$ |
| Wholesale sales | 19,243,756 | 14,563,216 |
| Services over time | 786,600 | 825,713 |
| | 20,030,356 | 15,388,929 |

OTHER INCOME

| | 30-Jun-24 | 30-Jun-23 |
|------------------------------|----------------|----------------|
| | \$ | \$ |
| Other income | 15,399 | - |
| Government grants | 417,545 | 260,606 |
| Interest income | 35,355 | 23,680 |
| Profit on disposal of assets | - | 500 |
| | 468,299 | 284,786 |

NOTE 2 CASH AND CASH EQUIVALENTS

| | 30-Jun-24 | 30-Jun-23 |
|--------------|------------------|-----------|
| | \$ | \$ |
| Cash at bank | 3,157,509 | 2,542,260 |

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

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

| | 30-Jun-24 | 30-Jun-23 |
|--|--------------------|-----------------|
| | \$ | \$ |
| (a) Reconciliation of net loss after tax to net cash flows from | | |
| Profit/(Loss) for the financial year | 1,990,189 | (81,759) |
| Adjustments for Non-Cash Items: | | |
| Depreciation and amortisation | 1,328,092 | 1,043,342 |
| Investment in Tap Agrico P&L uptake | - | (14,574) |
| Share based payments | 140,088 | 114,279 |
| Inventory write-off | 1,620,680 | 785,611 |
| Fair-Value (gain) on biological assets | (2,106,249) | (3,268,811) |
| Income tax (benefit) | (70,388) | - |
| Changes in assets and liabilities | | |
| (Increase) / decrease in receivables | 398,050 | (1,283,001) |
| (Increase) / decrease in prepayments | (208,834) | (848,677) |
| (Increase) / decrease in inventory | (5,106,245) | 647,967 |
| (Increase) / decrease in non-current assets held for sale | - | 1,523,521 |
| Increase / (decrease) in payables | 340,479 | 1,222,273 |
| Increase / (decrease) in Provisions and other liabilities | 187,993 | 562,508 |
| Net cash (used in)/from in operating activities | (1,486,145) | 402,679 |

There are no other non-cash financing and non-cash investing activities identified for the year ended 30 June 2024.

NOTE 3 TRADE AND OTHER RECEIVABLES

| | 30-Jun-24 | 30-Jun-23 |
|--------------------------|------------------|------------------|
| | \$ | \$ |
| Trade receivables | 1,662,097 | 2,028,267 |
| Other trade receivables* | 114,400 | 475,200 |
| Other receivables | 10,347 | 42,227 |
| | 1,786,844 | 2,545,694 |

Other Non-current trade receivables

| | 30-Jun-24 | 30-Jun-23 |
|--------------------------------------|------------------|-----------|
| | \$ | \$ |
| Other Non-current trade receivables* | 1,238,600 | 877,800 |

*During the year ended 30 June 2023, 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 30 June 2024, \$114,400 is included in Trade and other receivables and \$1,238,600 is included in Other Non-current trade receivables to reflect this arrangement.

NOTE 4 DEPOSITS AND ADVANCES

| | 30-Jun-24 | 30-Jun-23 |
|-----------------------|------------------|-----------|
| | \$ | \$ |
| Deposits and advances | 1,666,812 | 1,061,875 |

Deposits and advances represent payments made for the goods and services related to ECS's regular business operations, to be received in future reporting periods.

NOTE 5 INVENTORY

| | 30-Jun-24 | 30-Jun-23 |
|----------------|-------------------|-----------|
| | \$ | \$ |
| Raw materials | 1,049,731 | 604,769 |
| Finished goods | 11,933,141 | 7,360,289 |
| | 12,982,872 | 7,965,058 |

- (i) Assigning costs to inventories
The costs of individual items of inventory are determined using actual average costs.
- (ii) Amounts recognised in profit or loss
During the year ended 30 June 2024, \$1,620,680 (2023: \$727,461) of inventory impairment was measured and recognised associated with high-quality control procedures in place. Remaining inventory costs were included within cost of sales.
During the year ended 30 June 2024, \$2,106,249 (2023: \$3,268,811) was recognised as the fair value gain on biological assets.

NOTE 6 BIOLOGICAL ASSETS

| | 30-Jun-24 | 30-Jun-23 |
|------------------|------------------|-----------|
| | \$ | \$ |
| Biological asset | 88,431 | - |

Reconciliations

Reconciliations of changes in the carrying amount of biological assets:

| | Total |
|------------------------------------|---------------|
| | \$ |
| Balance at 1 July 2023 | - |
| Addition from cultivation | 3,021,044 |
| Addition from change in fair value | 2,106,249 |
| Less inventory harvested | (5,038,862) |
| Balance at 30 June 2024 | 88,431 |

Includes biological assets reclassified as inventory at the point of harvest. Includes physical changes as a result of biological transformation such as growth. Biological assets balance is measured at Fair Value as at 30 June 2024. During the reporting period, gains of \$2,106,249 (2023: \$3,268,811) were recognised, arising from changes in fair value less costs.

NOTE 7 PLANT AND EQUIPMENT

| | Land | Buildings | Other farm assets | Property plant and equipment | Motor vehicles | Construction in Progress | Total |
|---------------------------------|----------------|------------------|-------------------|------------------------------|----------------|--------------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Cost | | | | | | | |
| Balance at 1 July 2023 | 816,146 | 3,035,402 | 3,317,981 | 1,653,678 | 34,909 | - | 8,858,116 |
| Additions | - | 362,396 | 475,135 | 530,298 | 47,516 | 580,959 | 1,996,304 |
| Reclassification of Assets | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - |
| Balance at 30 June 2024 | 816,146 | 3,397,798 | 3,793,116 | 2,183,976 | 82,425 | 580,959 | 10,854,420 |
| Accumulated depreciation | | | | | | | |
| Balance at 1 July 2023 | - | 262,227 | 755,476 | 235,013 | 34,909 | - | 1,287,625 |
| Acquisition of subsidiaries | - | - | - | - | - | - | - |
| Depreciation for the year | - | 116,773 | 668,212 | 226,910 | 7,140 | - | 1,019,035 |
| Impairment of Asset | - | - | - | - | - | - | - |
| Balance at 30 June 2024 | - | 379,000 | 1,423,688 | 461,923 | 42,049 | - | 2,306,660 |
| Carrying amounts | | | | | | | |
| at 30 June 2024 | 816,146 | 3,018,798 | 2,369,428 | 1,722,053 | 40,376 | 580,959 | 8,547,760 |
| at 30 June 2023 | 816,146 | 2,773,175 | 2,562,505 | 1,418,665 | - | - | 7,570,491 |

NOTE 7 PLANT AND EQUIPMENT (CONTINUED)

| | Land | Buildings | Other farm assets | Property plant and equipment | Motor vehicles | Construction in Progress | Total |
|---------------------------------|---------|-----------|-------------------|------------------------------|----------------|--------------------------|-----------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Cost | | | | | | | |
| Balance at 1 July 2022 | 816,146 | 2,581,690 | 1,314,421 | 1,005,010 | 34,909 | - | 5,752,176 |
| Additions | - | 453,712 | 2,003,560 | 648,668 | - | - | 3,105,940 |
| Reclassification of Assets | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - |
| Balance at 30 June 2023 | 816,146 | 3,035,402 | 3,317,981 | 1,653,678 | 34,909 | - | 8,858,116 |
| Accumulated depreciation | | | | | | | |
| Balance at 1 July 2022 | - | 168,133 | 257,774 | 93,628 | 26,230 | - | 545,765 |
| Acquisition of subsidiaries | - | - | - | - | - | - | - |
| Depreciation for the year | - | 94,094 | 497,702 | 141,385 | 8,679 | - | 741,860 |
| Impairment of Asset | - | - | - | - | - | - | - |
| 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 | 2,562,505 | 1,418,665 | - | - | 7,570,491 |
| at 30 June 2022 | 816,146 | 2,413,557 | 1,056,647 | 911,382 | 8,679 | - | 5,206,411 |

NOTE 8 INTANGIBLE ASSETS

| | 30-Jun-24 | 30-Jun-23 |
|-------------------------------|------------------|------------------|
| | \$ | \$ |
| Intangible assets | 3,208,103 | 3,208,103 |
| Less accumulated amortisation | (996,132) | (693,823) |
| | 2,211,971 | 2,514,280 |

The amortisation amount during the reporting period is \$302,309. (2023: \$301,843)

NOTE 9 TRADE AND OTHER PAYABLES

| | 30-Jun-24 | 30-Jun-23 |
|-----------------------------|------------------|------------------|
| | \$ | \$ |
| Trade Payables | 2,159,333 | 1,735,838 |
| Accruals and Other Payables | 470,822 | 359,995 |
| GST | - | 177,785 |
| | 2,630,155 | 2,273,618 |

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 10 EMPLOYEE PROVISIONS AND PAYABLES

| | 30-Jun-24 | 30-Jun-23 |
|------------------------------|------------------|----------------|
| | \$ | \$ |
| Superannuation payable | 188,635 | 21,846 |
| PAYG Payable | 149,316 | 79,907 |
| Annual leave provision | 223,234 | 197,103 |
| Long service leave provision | 41,745 | 30,951 |
| | 602,930 | 329,807 |

NOTE 11 CONTRACT LIABILITY

| | 30-Jun-24 | 30-Jun-23 |
|----------------------|------------------|----------------|
| | \$ | \$ |
| Contract liabilities | 411,734 | 991,744 |
| | 411,734 | 991,744 |

As at 30 June 2024, the Company has contractual obligations to supply customers with deposits committed as below:

| | 30-Jun-24 |
|--|------------------|
| | \$ |
| Opening balance as at the start of the year | 991,744 |
| Contract revenue recognised during the reporting period | (2,881,265) |
| Additional contract liabilities recognised during the period | 2,301,255 |
| Closing balance as at the end of the year | 411,734 |

NOTE 12 HIRE PURCHASE LIABILITY

| | 30-Jun-24 | 30-Jun-23 |
|-------------------------|------------------|----------------|
| | \$ | \$ |
| Current | | |
| Hire purchase liability | 304,635 | 90,848 |
| Unexpired interest | (65,961) | (21,874) |
| | 238,674 | 68,974 |
| Non-current | | |
| Hire purchase liability | 889,267 | 301,592 |
| Unexpired interest | (104,058) | (40,469) |
| | 785,209 | 261,123 |

NOTE 13 ISSUED CAPITAL

| | 30-Jun-24 | 30-Jun-23 |
|---|-------------------|-------------------|
| | \$ | \$ |
| Issued and Fully Paid Ordinary Shares* | 36,532,054 | 32,786,341 |

| | Date | Issue price | No. of Shares | \$ |
|---|-------------------|--------------------|----------------------|-------------------|
| Balance at the beginning of the year | 1/07/2023 | | 1,106,730,667 | 32,786,341 |
| Ordinary shares issued to investors | 28/02/2024 | \$0.022 | 181,818,900 | 4,000,016 |
| Capital raising costs | - | | - | (254,303) |
| Balance at the end of year | 30/06/2024 | | 1,288,549,567 | 36,532,054 |

*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.

Movement in reserves

| | 30-Jun-24 | 30-Jun-23 |
|---|------------------|----------------|
| | \$ | \$ |
| Opening balance at the start of the year | 364,853 | 250,574 |
| Options issued to lead manager of placement | 134,343 | - |
| Lapse of options | (250,574) | - |
| Vesting of performance rights | 140,087 | 114,279 |
| Lapse of performance rights | (48,012) | - |
| Closing balance at the end of the year | 340,697 | 364,853 |

NOTE 14 PROFIT 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 year.

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 year 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:

| | 30-Jun-24 | 30-Jun-23 |
|--|------------------|------------------|
| | \$ | \$ |
| Net profit (loss) attributable to ordinary equity holders of the | 1,990,189 | (81,759) |
| Weighted average number of ordinary shares for basic and diluted | 1,168,330,513 | 1,106,730,667 |
| Effects of dilution from: | | |
| Share options | 20,000,000 | 112,000,068 |
| Performance rights | 30,000,000 | 26,000,000 |
| Weighted average number of ordinary shares adjusted for the | 1,218,330,513 | 1,244,730,735 |
| Profit (Loss) per share from discontinued operations attributable to the members of ECS | | |
| Basic loss per share (cents) | - | (0.0518) |
| Diluted loss per share (cents) | - | (0.0518) |
| Earnings per share for the year from continuing operations attributable to the members of ECS | | |
| Basic earnings per share (cents) | 0.1703 | 0.0444 |
| Diluted earnings per share (cents) | 0.1634 | 0.0395 |
| Profit (Loss) per share for the year attributable to the members of ECS Botanics | | |
| Basic loss per share (cents) | 0.1703 | (0.0074) |
| Diluted loss per share (cents) | 0.1634 | (0.0074) |

NOTE 15 INTERESTS IN SUBSIDIARIES

| | Principal Activities | Country of Incorporation | Ownership interest | |
|---------------------------|---------------------------------|-------------------------------------|---------------------------|------------------|
| | | | 30-Jun-24 | 30-Jun-23 |
| | | | % | % |
| FLOWERDAY FARMS PTY. LTD. | Agriculture | Australia | 100 | 100 |
| ECS BOTANICS MC PTY LTD | Agriculture | Australia | 100 | 100 |

NOTE 16 EVENTS AFTER THE REPORTING DATE

Subsequent to the year end:

- NAB increased the asset finance facility it has in place with the Company from \$1 million to \$4.4 million. This additional finance facility will allow ECS to continue to invest in technology and infrastructure to position the Company for further growth.
- The Victorian government awarded the Company a \$118,000 manufacturing grant.