

Appendix 4D

	31-Dec-24	31-Dec-23	% Change
	\$	\$	
Revenue from ordinary activities	9,760,094	11,684,882	-16%
Profit and (loss) from ordinary activities after tax attributable to members	(1,980,490)	1,248,263	-259%
Net profit and (loss) attributable to members	(1,980,490)	1,248,263	-259%

	31-Dec-24	31-Dec-23
	Cents	Cents
NET TANGIBLE ASSETS PER SECURITY		
Net tangible assets per security	2.61	2.76

	31-Dec-24	31-Dec-23
	Cents	Cents
EARNINGS PER SHARE		
Basic earnings and (loss) per share	(0.15)	0.11
Diluted earnings and (loss) per share	(0.15)	0.11

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ABN 98 009 805 298

Financial Report

For the Half Year Ended
31 December 2024

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Half-Year Report December 2024 Highlights.

Summary of Financial Results

	31 Dec 2024	31 Dec 2023	% Change
Revenue from Operations	\$9.8m	\$11.3m	(16%)
NPBT	(\$2.0m)	\$1.2m	(259%)
EBITDA	(\$1.2m)	\$1.9m	(162%)



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Message from the Managing Director.

Dear Shareholders

ECS Botanics is making bold moves, investing in brand creation to expand its reach. This includes launching its own brands which incorporate patented technologies and building a global platform to bring premium Californian brands to both local and export markets.

ECS commenced operations as a B2B company, supplying Australian businesses with medicinal cannabis oils and dried flower to support a growing patient base. However, regulatory changes introduced in July 2023 have led to an increased volume of imported products entering the market. This influx has resulted in reduced margins and heightened competition, with over 1,000 medicinal cannabis products now available in the retail sector. In response, ECS has strategically expanded into export markets, where Good Manufacturing Practice (GMP) certification is required for flower production. Additionally, we obtained Organic Certification to further differentiate our products, particularly in Germany, where the irradiation of medicinal cannabis flower is not preferred.

As ECS continued to enhance its product offerings, including the introduction of VESIsorb®, we made the strategic

decision to incorporate a B2C model. This move enables us to increase margins and develop intellectual property through brand-building initiatives.

To facilitate the launch of our own brands, ECS recruited an experienced Medical Science Liaison team and a seasoned B2C General Manager. These key appointments, made between July and November 2024, have successfully established our B2C business, which, based on the current run rate, is projected to generate over \$1 million in monthly revenue before the end of the financial year.



To further support our B2C strategy, ECS appointed a highly respected Medical Advisory Board actively engaged in patient-focused initiatives. The board has been instrumental in advancing education

surrounding VESIsorb®. ECS holds a ten-year exclusive license for the patented Swiss VESIsorb® technology across Australia, New Zealand, the United Kingdom, and select European markets for ECS product formulations.

In December 2024, ECS launched the first product under the Avani Advanced brand, the 'Avani Advanced 2 mg CBD Soft Gel Capsules powered by VESIsorb®'. We are pleased to announce that two additional products—a 2.5 mg



THC combined with 20 mg CBD capsule and a 5 mg THC pastille—are scheduled for launch in March 2025. Unlike MCT-based products, the VESIsorb® delivery system emulsifies cannabidiol, allowing for direct stomach absorption and significantly improved bioavailability. A randomised, double-blind clinical trial demonstrated a 440% increase in absorption and a 300% improvement in absorption speed. As a result, a 5 mg THC pastille provides efficacy comparable to a 20 mg standard pastille.

Recognizing the growing demand for cost-effective flower products, ECS successfully launched the OzSun range of medicinal cannabis dried flower in November 2024. By leveraging our organic outdoor cultivation, we have effectively captured market share within this price-sensitive segment. Additionally, we are pleased to report that ECS' cultivation costs have decreased by 20% over the past year, further strengthening our competitive position.



In September 2024, ECS announced an agreement to license the Terphogz® brand. We are pleased to inform shareholders that, following the reporting period, we have secured distribution agreements

in the UK and Germany, along with sourcing agreements to support premium flower, packaging, and branding. The official launch is scheduled for late March 2025.

The expansion of our Protected Cultivation Enclosures (PCEs) remains on track, with the new PCEs delivering up to a 50% increase in yield compared to the original designs. As of December 31, we now have a total of 21 installed PCEs. Enhanced environmental controls have also resulted in a higher proportion of A-grade flower. While construction costs have risen due to upgraded materials, including concrete flower beds with advanced drainage systems and underfloor heating, efficiencies gained from utilising in-house labor have kept overall costs stable. However,

additional investment was required to upgrade electrical infrastructure to support year-round production.

In November 2024, ECS appointed Nick Thomas as Chief Operating Officer. His leadership has significantly improved ECS' operational efficiency, enabling me to focus on commercial initiatives and strategic partnerships. Additionally, this appointment facilitated a restructuring of the Executive Leadership Team, reducing its size from nine to seven members to enhance operational effectiveness.

Since July 2024, ECS has undergone a period of significant investment in talent and product development. With key initiatives now either fully implemented or in their final stages, the Company is well-positioned for substantial growth as a leading global supplier in the rapidly expanding medicinal cannabis industry.

We extend our sincere gratitude to our valued shareholders, employees, and

customers for their continued support. We look forward to the remainder of 2025, which we anticipate will be a landmark year for ECS.



Nan-Maree Schoerie

A handwritten signature in blue ink, appearing to read 'Nan'.

Managing Director

Directors’ Report

The Directors of ECS Botanics Holdings Limited (“ECS” or “the Company”) present their report, together with the financial statements, on the Company for the half-year ended 31 December 2024. 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
Dr. Rachel Swift	Non-Executive Director	Appointed 20 September 2024

Company Secretary
Mr. Mauro Piccini



Directors' Report

Principal Activities

ECS Botanics Holdings Ltd is an Australian medicinal cannabis cultivator, manufacturer and supplier 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

Operations

ECS has invested in the construction and fit out of nine Protective Cropping Enclosures. ECS incorporated design changes that were developed because of the outcomes of a Research and Development project which was focussed on allowing ECS to grow medicinal cannabis flower all year. The benefit of these design changes indicates an up to 50% increase in yields as well as a higher proportion of A-Grade flower.

Several new strains have been trialed over the course of the period and two new strains are being released this year to add to the new strains launched last year. Certain origin strains have been retired as they have been replaced.

All fields and completed PCE's are currently in production. Much of the outdoor flower from last season is being trimmed and processed for OzSun.

ECS was awarded a manufacturing grant from the Victorian Government which it will be utilising to produce its own Live Rosin vape cartridges. The decarboxylation and filling of the Vape cartridges are undertaken under a GMP licence. The changes to the facility to undertake these activities and the ordering of the equipment is underway.

Commercial Activities

ECS appointed a new Commercial GM and four medical sales liaison team members (based in Victoria, New South Wales, Queensland and Western Australia) to promote the AVANI and AVANI Advanced brands directly with doctors. The medical sales liaison team have driven rapid adoption for ECS' products, with 380 medical prescribers onboarded in the five months to December 2024. This growth trajectory positions ECS to exceed 700 prescribers by May 2025 – 12 months since the team's inception. ECS also appointed a Sales Manager for B2B sales who reports to the Commercial General Manager.

To support its B2C business, ECS has established a Medical Advisory Board (**MAB**) to provide expert guidance, oversight, and education to the medical industry to support patient outcomes. All MAB members are experienced medical practitioners, widely regarded as thought leaders in medicinal cannabis medicine. They understand the importance of good clinical practice, sound advice, and the value of medicinal cannabis as an option to support patient wellbeing. The MAB is comprised of Dr. Rupert Backhouse, Dr. Phil Burrell, Dr. Natasha Feingold, Dr. Charlotte Middleton, Dr. Christopher Schneider, Dr. Justin Welsh and Dr. Jane Chapman.

In December, following a number of challenges in identifying and qualifying a GMP soft gel capsule manufacturer capable of producing GMP VESIsorb capsules ECS launched the AVANI Advanced VESIsorb range with a 25MG CBD capsule. A 2.5mg THC; 20mg CDB capsule and a 5mg THC pastille will follow in Q3. The launch of the Capsules are being well supported by the MAB and particularly Dr Christopher Schnieder, a gastroenterologist who is a very strong advocate of the patented delivery system.

Directors' Report

In September ECS entered into an 8 year agreement with Terphogz™ to supply, manufacture and sell a range of its medicinal cannabis products in Germany, Australia and New Zealand.

Terphogz is an award-winning cannabis breeding group from California. It owns a genetic library known for creating the popular cannabis strain "The Original Z™". The unique terpene profile of "The Original Z" and its crosses makes them some of the most sought-after and desirable strains in the cannabis industry and have won many awards including numerous first place trophies at competitions such as The Emerald Cup.

Significant progress has been achieved as we have identified distribution partners for the UK and Germany and sourced high quality flower to meet what is anticipated to be a very high demand for the sort after strains and brand.

Regulatory

During the relevant period, an additional nine PCE's were licenced for construction. Each PCE is approved by the Office of Drug Control upon completion. In August 2024 the facility underwent an annual Office of Drug Control audit with no significant improvement recommendations reported.

Cash

As of 31 December 2024, ECS has a cash balance of \$1.5 million and an undrawn NAB facility of \$3.2 million. Additionally, the company has secured a \$3.4 million increase in its Asset Finance facility, raising the total from \$1 million to \$4.4 million. As of the same date, approximately \$3.8 million of this facility has been utilised, leaving \$0.6 million available for capital expenditure.

Financial Results

The financial results of the Company for the half year ended 31 December 2024 are:

	31-Dec-24	30-Jun-24
	\$	\$
Cash and cash equivalents	1,499,464	3,157,509
Net assets	26,287,818	28,212,526
	31-Dec-24	31-Dec-23
	\$	\$
Net profit (loss) after tax	(1,980,490)	1,248,263
Earnings (Loss) per share	(0.1536)	0.1128

Significant Changes In State Of Affairs

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

Events Occurring After Reporting Date

There has been no matters, or circumstance, that has arisen since the half-year ended 31 December 2024, 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.

Directors' Report

Auditor's Independence Declaration

The lead auditor's independence declaration under s 307C of the Corporations Act 2001 is set out on page 11 for the half-year ended 31 December 2024.

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



Nan-Maree Schoerie

Managing Director
28 February 2025

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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 2024, 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, 28 February 2025

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2024

	Note	31-Dec-24 \$	31-Dec-23 \$
Revenue from continuing operations			
Revenue		9,733,757	11,284,138
Other income	2	26,337	400,744
Expenses			
Corporate expenses	3	(1,122,629)	(1,085,308)
Cost of sales	3	(8,742,572)	(10,338,381)
Employment and consulting	3	(2,873,271)	(2,095,953)
Fair-Value gain/(loss) on biological assets	7	2,236,249	3,169,018
Inventory impairment	6	(849,164)	-
Research and development expenses	3	-	(52,126)
Selling and distribution expenses	3	(309,791)	(15,307)
Finance costs		(79,406)	(18,562)
Profit (loss) before income tax		(1,980,490)	1,248,263
Income tax benefit/(expense)		-	-
Profit (loss) from continuing operations		(1,980,490)	1,248,263
Other comprehensive income			
Other comprehensive income for the period, net of income tax		-	-
Other comprehensive income/(loss) for the period, net of tax		-	-
Total comprehensive profit (loss) attributable to the members of ECS Botanics Holdings Limited		(1,980,490)	1,248,263
Earning and Loss per share for the year attributable to the members of ECS Botanics Holdings Limited continuing operations			
Basic earnings (loss) per share (cents)	4	(0.1536)	0.1128
Diluted earnings (loss) per share (cents)	4	(0.1536)	0.1102
Earning and Loss per share for the year attributable to the members of ECS Botanics Holdings Limited			
Basic earnings (loss) per share (cents)	4	(0.1536)	0.1128
Diluted earnings (loss) per share (cents)	4	(0.1536)	0.1102

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 2024

	Note	31-Dec-24 \$	30-Jun-24 \$
Assets			
Current assets			
Cash and cash equivalents		1,499,464	3,157,509
Trade and other receivables	5	1,992,676	1,786,844
Deposits and advances		1,071,639	1,666,812
Inventory	6	11,452,594	12,982,872
Biological assets	7	2,078,820	88,431
Total current assets		18,095,193	19,682,468
Non-current assets			
Plant and Equipment	9	11,242,530	8,547,760
Intangible assets		2,049,254	2,211,971
Goodwill		1,050,000	1,050,000
Other Non-current trade receivables	8	1,238,600	1,238,600
Deferred tax assets		150,429	150,429
Total non-current assets		15,730,813	13,198,760
Total assets		33,826,006	32,881,228
Liabilities			
Current liabilities			
Trade and other payables		3,250,191	2,968,106
Borrowings		1,378,246	-
Employee provisions and payables		334,252	264,979
Contract liabilities	10	163,055	411,734
Lease liability		526,485	238,674
Total current liabilities		5,652,229	3,883,493
Non-current liabilities			
Hire purchase liability		1,885,959	785,209
Total Non-current liabilities		1,885,959	785,209
Total liabilities		7,538,188	4,668,702
Net Assets		26,287,818	28,212,526
Equity			
Issued capital		36,667,054	36,532,054
Reserves	11	224,941	415,322
Accumulated losses		(10,604,177)	(8,734,850)
Total equity		26,287,818	28,212,526

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 2024

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
At 1 July 2024	36,532,054	415,322	(8,734,850)	28,212,526
Loss for the period	-	-	(1,980,490)	(1,980,490)
Other comprehensive income	-	-	-	-
Total comprehensive (loss) for the period after tax	-	-	(1,980,490)	(1,980,490)
Transactions with owners in their capacity as owners:				
Vesting of options	-	6,704	-	6,704
Vesting of Performance rights	-	44,863	-	44,863
Conversion of performance rights to shares	135,000	(137,910)	7,125	4,215
Transfer of forfeited performance rights	-	(104,038)	104,038	-
Balance at 31 December 2024	36,667,054	224,941	(10,604,177)	26,287,818
At 1 July 2023	32,786,341	364,853	(10,949,000)	22,202,194
Profit for the period	-	-	1,248,263	1,248,263
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss) for the period after tax	-	-	1,248,263	1,248,263
Transactions with owners in their capacity as owners:				
Transfer of share-based payments reserve	-	(250,574)	250,574	-
Vesting of share-based payments	-	77,986	-	77,986
Balance at 31 December 2023	32,786,341	192,265	(9,450,163)	23,528,443

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

Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2024

	Note	31-Dec-24 \$	31-Dec-23 \$
Cash flows from operating activities			
Receipts from customers		9,281,903	10,482,064
Payment to suppliers and employees		(10,409,721)	(10,064,501)
Interest received		23,680	23,680
Interest paid		(79,406)	(18,562)
Net cash inflow (outflow) from operating activities		(1,183,544)	422,681
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(446,390)	(78,055)
Purchase of land & buildings	9	(199,122)	(322,007)
Purchase of other farm assets	9	(191,398)	(477,973)
Purchase of other assets - construction in progress	9	(2,404,401)	-
Net cash inflow (outflow) from investing activities		(3,241,311)	(878,035)
Cash flows from financing activities			
Borrowings		2,933,464	541,038
Lease repayments		(166,654)	(42,861)
Net cash inflow from financing activities		2,766,810	498,177
Net increase (decrease) in cash and cash equivalents		(1,658,045)	42,823
Cash and cash equivalents at the beginning of the period		3,157,509	2,542,260
Cash and cash equivalents at the end of the period		1,499,464	2,585,083

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

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2024

NOTE 1

Material Accounting Policy Information

Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2024 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 2024 annual financial report for the financial year ended 30 June 2024.

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 2024, 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 2024

NOTE 2

Other Income

	31-Dec-24 \$	31-Dec-23 \$
Finance income	5,111	15,063
Government grants	6,000	383,945
Rental income	15,226	1,736
Total	26,337	400,744

NOTE 3

Expenses

	31-Dec-24 \$	31-Dec-23 \$
Cost of products or raw materials	7,155,037	9,191,189
Wages and superannuation	2,469,005	1,796,352
Direct production labour costs	1,546,589	1,105,551
Depreciation and amortisation expense	709,256	662,695
Marketing	416,554	119,496
Professional fees	276,734	159,448
Compliance and regulatory expenses	129,796	89,581
Directors' fees	71,750	62,167
Share based payment expense	55,782	77,987
Administration	134,280	103,854
Consumable & processing costs	40,946	41,641
Corporate consulting and advisory fees	23,534	37,457
Occupancy	13,066	84,990
Legal fees	5,934	2,541
Research and development costs	-	52,126
Total	13,048,263	13,587,075

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Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2024

NOTE 4

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-24 \$	31-Dec-23 \$
Net Profit and (loss) attributable to ordinary equity holders of the company	(1,980,490)	1,248,263
Weighted average number of ordinary shares for basic and diluted loss	1,289,201,741	1,106,730,667
Effects of dilution from:		
Share options	44,500,000	-
Performance rights	17,500,000	26,000,000
Weighted average number of ordinary shares adjusted for the effect of dilution	1,351,201,741	1,132,730,667

Earning and Loss per share for the year attributable to the members of ECS Botanics Holdings Limited - Continuing operations

Basic earnings and (loss) per share (cents)	(0.1536)	0.1128
Diluted earnings and (loss) per share (cents)	(0.1536)	0.1102

Earning and Loss per share for the year attributable to the members of ECS Botanics Holdings Limited

Basic earnings and (loss) per share (cents)	(0.1536)	0.1128
Diluted earnings and (loss) per share (cents)	(0.1536)	0.1102

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2024

NOTE 5

Trade and Other Receivables

	31-Dec-24 \$	30-Jun-24 \$
Trade receivables	1,857,059	1,662,097
Other trade receivables (Note 8)	114,400	114,400
Other receivables	21,217	10,347
Total trade and other receivables	1,992,676	1,786,844

Allowance for Expected Credit Loss

Receivables past due but not considered impaired are \$52,561 (2024: \$2,634). Other receivables are non-interesting bearing and are generally on terms of 30 days.

On the basis, the loss allowance as at 31 December 2024 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	-	-	-	-	-	-
Gross carrying amount - trade receivables	1,797,994	1,095	5,409	-	52,561	1,857,059

NOTE 6

Inventory

	31-Dec-24 \$	30-Jun-24 \$
Raw materials	1,865,026	1,049,731
Finished goods	9,587,568	11,933,141
Total	11,452,594	12,982,872

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 reporting period ended 31 December 2024, \$849,164 (2023: nil) 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 reporting period ended 31 December 2024 \$2,236,249 (2023: \$3,169,018) was recognised as the fair value gain on biological assets.

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2024

NOTE 7

Biological assets

	31-Dec-24	30-Jun-24
	\$	\$
Biological Assets	2,078,820	88,431

Reconciliations of changes in the carrying amount of biological assets:

	Total
	\$
Balance as at 1 July 2024	88,431
Addition from cultivation	1,357,281
Addition from change in fair value	2,236,249
less reclassified as inventory	(1,603,141)
Balance as at 31 December 2024	2,078,820

The movement above 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 of \$2,078,820 as at 31 December 2024. The increase of \$1,990,389 in biological asset balance is due to the cultivation cycle. During the reporting period, gains of \$2,236,249 (2023: \$3,169,018) were recognised, arising from changes in fair value less costs.

NOTE 8

Other Non-current Trade Receivables

	31-Dec-24	30-Jun-24
	\$	\$
Other non-current trade receivables*	1,238,600	1,238,600

*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 31 December 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.

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2024

NOTE 9

Property, Plant and Equipment

	Land	Buildings	Other farm assets	Property plant and equipment	Motor vehicles	Construction in Progress	Total
	\$	\$	\$	\$	\$	\$	\$
Cost or fair value							
Balance at 1 July 2024	816,146	3,397,798	3,793,116	2,183,976	82,425	580,959	10,854,420
Additions	-	199,122	191,398	446,390	-	2,404,402	3,241,312
Reclassification of Assets	-	67,849	378,444	-	-	(446,293)	-
Balance at 31 December 2024	816,146	3,664,769	4,362,958	2,630,366	82,425	2,539,068	14,095,732
Accumulated depreciation							
Balance at 1 July 2024	-	379,000	1,423,688	461,923	42,049	-	2,306,660
Depreciation during the period	-	85,766	344,642	105,835	10,300	-	546,542
Balance at 31 December 2024	-	464,765	1,768,330	567,758	52,349	-	2,853,202
Carrying amounts							
at 31 December 2024	816,146	3,132,154	2,216,184	2,062,609	30,076	2,539,068	11,242,530
at 30 June 2024	816,146	3,018,798	2,369,428	1,722,053	40,376	580,959	8,547,760

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2024

NOTE 9

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 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
Balance at 31 December 2023	816,146	3,357,409	3,748,441	1,731,733	82,424	9,736,153
Accumulated depreciation						
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
Balance at 31 December 2023	-	321,279	1,091,126	348,943	35,527	1,796,875
Carrying amounts						
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

Notes to The Consolidated Financial Statements.

For the Half-Year Ended 31 December 2024

NOTE 10

Contract Liabilities

	31-Dec-24 \$	30-Jun-24 \$
Contract liabilities	163,055	411,734

As of 31 December 2024, the Company has contractual obligations to supply customers with deposits committed as below:

Opening balance as at 01 July 2024	\$411,734
Contract revenue recognised during the period	(\$1,839,818)
Additional contract liabilities recognised during the period	\$1,591,139
Closing balance as at 31 December 2024	\$163,055

NOTE 11

Share Based Payment and Reserve

	31-Dec-24 \$	30-Jun-24 \$
Share based payments reserve		
Options issued ¹	6,704	134,343
Vesting of Performance rights ²	44,863	214,712
	51,567	349,055
Movement in reserves		
Opening balance at the start of the reporting period	415,322	364,853
Vesting of Options issued ¹	6,704	134,343
Lapse of options	-	(250,574)
Vesting of performance rights ²	44,863	214,712
Conversion of performance rights ²	(137,910)	-
Forfeiture of performance rights ²	(104,038)	(48,012)
Closing balance at the end of the reporting period	224,941	415,322

1. Options

On 16 December 2024, 24,500,000 unquoted options were issued as director incentives, with an exercise price of \$0.024 and an expiry date of 31 December 2029. Based on the measurement by SLM, an independent valuer, a fair value of \$6,704 has been recognised in reserves as at 31 December 2024. The Options require continuous services of Mr. King as Chair, Mrs. Schoerie, Dr. Swift as appointed by the Company.

Details of unexpired option grants are set out below:

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired /other	Balance at the end of the period
28/02/2024	28/02/2026	\$0.033	20,000,000	-	-	-	20,000,000
21/11/2024	31/12/2029	\$0.024	-	24,500,000	-	-	24,500,000
			20,000,000	24,500,000	-	-	44,500,000
Weighted average exercise price		\$0.033	\$0.024	-	-		\$0.028
Options exercisable			20,000,000	24,500,000	-		44,500,000

Notes to The Consolidated Financial Statements.

For the Half-Year Ended 31 December 2024

NOTE 11

Share Based Payment and Reserve (Continued)

The weighted average remaining contractual life of options outstanding at the end of the reporting period was 3.28 years (30 June 2024: 2.01 years).

For the option granted during the reporting period, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant Date	Expiry Date	Share Price at Grant Date	Share Price Hurdle for Vesting	Expected Volatility	Dividend Yield	Risk-Free Interest Rate	Fair Value at Grant Date
21/11/2024	31/12/2029	\$0.0170	-	91.70%	-	3.574%	\$0.0125

2. Performance rights

During this reporting period ended 31 December 2024, ECS issued two tranches of Rights totaling 7,500,000 to the Managing Director. The rights were approved on 21 November 2024. ECS management engaged an independent valuer to measure the fair value of the rights issued. A total fair value has been determined of \$95,696 of which \$5,402 was expensed during the reporting period. The terms of the rights issued and key inputs used in the valuation have been summarised below:

Tranche E (MD) totalling 3,750,000 Rights subject to Market-based vesting condition - the number of rights that vest is conditional on ECS's 20-day VWAP Target share price of \$0.024 during the performance period between 21 November 2024 and including 30 June 2026;

Tranche F (MD) totalling 3,750,000 Rights subject to Market-based vesting condition - the number of rights that vest is conditional on ECS's 20-day VWAP Target share price of \$0.030 during the performance period between 21 November 2024 and including 30 June 2027;

During the reporting period ended 30 June 2024, ECS issued two tranches of Rights totaling 10,000,000 to the Chief Financial Officer and Greenhouse Cultivation Manager. The rights were approved on 1 January 2024. ECS management engaged an independent valuer to measure the fair value of the rights issued. A total fair value has been determined of \$205,058 of which \$39,461 was expensed during this reporting period. The terms of the rights issued and key inputs used in the valuation have been summarised below:

Tranche E totalling 5,000,000 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 1 July 2026;

Tranche F totalling 5,000,000 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 September 2026;

During the reporting period ended 30 June 2023, ECS had issued four tranches of Rights totaling 20,000,000 to the Chairman and Managing Director, all of which were valued by an independent valuer. A total fair value had been determined of \$218,125.

Notes to The Consolidated Financial Statements.

For the Half-Year Ended 31 December 2024

NOTE 11

Share Based Payment and Reserve (Continued)

The terms of the rights issued and key inputs used in the valuation have been summarised below:

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

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

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

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

During this reporting period ended 31 December 2024, a total of 7,500,000 Rights (Tranche A and Tranche B) were converted into shares following the achievement of vesting conditions. Conversely, 12,500,000 Rights (Tranche C and Tranche D) were forfeited due to the vesting conditions not being met. The forfeiture of these rights had a total impact of \$104,038 on the financial statements for this period.

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Notes to The Consolidated Financial Statements.

For the Half-Year Ended 31 December 2024

NOTE 11

Share Based Payment and Reserve (Continued)

For the current performance rights granted, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Tranche	E	F	E (MD)	F (MD)
Grant Date	1-Jan-24	1-Jan-24	21-Nov-24	21-Nov-24
Number of Rights	5,000,000	5,000,000	3,750,000	3,750,000
Expected life of the right (days)	913	1,004	587	952
Management probability	100%	100%	100%	100%
Share price at grant date (\$)	\$0.0230	\$0.0230	\$0.0170	\$0.0170
Fair value per right (\$)	\$0.0206	\$0.0204	\$0.0128	\$0.0127
Total value at grant date (\$)	\$102,981	\$102,077	\$47,965	\$47,731

Key Management Personnel and other employees	Tranche	No. of Rights	Fair value per right (\$)	Total Value (\$)
Nan-Maree Schoerie	E (MD)	3,750,000	0.0128	47,965
Nan-Maree Schoerie	F (MD)	3,750,000	0.0127	47,731
Nan-Maree Schoerie Total		7,500,000		95,696
Arthur Sun	E	5,000,000	0.0206	102,981
Arthur Sun Total		5,000,000		102,981
David Marr	F	5,000,000	0.0204	102,077
David Marr Total		5,000,000		102,077
Grand Total		17,500,000		300,754

All tranches of Rights require continuous services of Ms. Schoerie, Mr. Sun, and Mr. Marr employed by the Company. As at 31 December 2024 and as at the date of this report none of the vesting conditions have been met. Set out below are summaries of performance rights granted under the Incentive Plan as at 31 December 2024:

Tranche	Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/ other	Balance at the end of the period
A	26/10/2022	31/12/2024	\$0.0180	3,750,000	-	(3,750,000)	-	-
B	26/10/2022	31/12/2024	\$0.0180	3,750,000	-	(3,750,000)	-	-
C	26/10/2022	31/12/2024	\$0.0000	6,250,000	-	-	(6,250,000)	-
D	26/10/2022	31/12/2024	\$0.0000	6,250,000	-	-	(6,250,000)	-
E	1/01/2024	1/07/2026	\$0.0000	5,000,000	-	-	-	5,000,000
F	1/01/2024	30/09/2026	\$0.0000	5,000,000	-	-	-	5,000,000
E (MD)	21/11/2024	30/06/2026	\$0.0000	-	3,750,000	-	-	3,750,000
F (MD)	21/11/2024	30/06/2027	\$0.0000	-	3,750,000	-	-	3,750,000
				30,000,000	7,500,000	(7,500,000)	(12,500,000)	17,500,000

Notes to The Consolidated Financial Statements.

For the Half-Year Ended 31 December 2024

NOTE 11

Share Based Payment and Reserve (Continued)

The weighted average remaining contractual life of performance rights outstanding at the end of the reporting period was 2.39 years (30 June 2024: 1.04 years).

For the performance rights granted during the current reporting period, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Class	Grant Date	Expiry Date	Share Price at Grant Date	Share Price Hurdle for Vesting	Expected Volatility	Dividend Yield	Risk-Free Interest Rate	Fair Value at Grant Date
E (MD)	21/11/2024	30/06/2026	\$0.0170	-	74.36%	-	3.634%	\$0.0128
F (MD)	21/11/2024	30/06/2027	\$0.0170	-	77.42%	-	3.536%	\$0.0127

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Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2024

NOTE 12

Income Tax

	31-Dec-24 \$	30-Jun-24 \$
(a) The components of tax expense comprise:		
Current tax expense	-	-
Deferred tax (benefit)/expense	-	473,442
Recognition of opening deferred tax asset, including tax losses	-	(543,830)
Income tax (benefit)/expense reported in the statement of profit or loss and other comprehensive income	-	(70,388)
(b) The prima facie tax on loss from ordinary activities before tax is reconciled to the income tax as follows:		
Profit/(loss) before income tax expense	(1,980,490)	1,845,176
Prima facie tax expense/(benefit) on profit before income tax at 25%	(495,122)	461,294
<i>Tax effect amounts which are not deductible/(taxable) in calculating taxable income:</i>		
Share Based Payments	55,782	53,678
License Amortisation	151,980	75,577
Other	16,165	(117,107)
Recognition of opening deferred tax asset, including tax losses*	-	(543,830)
Less: R&D tax offset	-	-
Less: Income tax (credit)/expense not recognised	(439,141)	-
Income tax (benefit)/expense reported in the statement of profit or loss and other comprehensive income	-	(70,388)
*Reconciliation of deferred tax balances		
Opening balance at the beginning of the reporting period	150,429	-
Recognition of opening deferred tax asset, including tax losses	-	543,830
Recognition of Business-related costs	-	167,801
Transfer to tax expense	-	(473,442)
Transfer to equity cost	-	(87,760)
Closing balance at the end of the reporting period	150,429	150,429
Deferred tax assets and liabilities not recognised		
Tax loss	12,663,643	12,224,502
Capital loss	74,348	74,348
Net deferred tax asset not recognised	12,737,991	12,298,851

*As at 31 December 2024, the Company has elected not to recognise an income tax benefit of \$439,14 arising from the half-year accounting loss because a full-year assessment provides a more reliable basis for evaluating the recoverability of deferred tax assets in accordance with AASB 112 Income Taxes. Similarly, the Company has determined that it would be premature to write off the opening deferred tax asset (DTA) balance of \$150,429 as at 1 July 2024, based solely on half-year financial results.

The cumulative future income tax benefit, estimated at \$12.74 million, has not been recognised as an asset. This benefit will only be realised if the Continuity of Ownership Test (COT) is met in accordance with the Income Tax Assessment Act 1997 (ITAA 1997), in relation to the carried forward tax losses. The Company sought professional advice from William Buck Tax consultants to assess the ability of the company to satisfy the Continuity of Ownership Test.

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2024

NOTE 13

Related-Parties Transactions

	31-Dec-24 \$	31-Dec-23 \$
The following transactions occurred with related parties:		
ARQ Capital Pty Ltd (i)	20,070	19,980
Bushwood Nominees Pty Ltd(ii)	40,419	25,345
Mirador Corporate Pty Ltd(iii)	39,638	40,650
Pharmout(iv)	36,088	8,654
Qiksolve Pty Ltd(v)	20,496	26,932
Nan-Maree Schoerie(vi)	12,109	38,168
Jeremy King(vi)	-	12,635
Total	168,820	172,364

- (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) Mirador Corporate Pty Ltd was paid for company secretarial and financial management services to the Company, of which Jeremy King is a director.
- (iv) Pharmout was paid for consulting fees, an entity owned by a close family member of Nan-Maree Schoerie.
- (v) Qiksolve Pty Ltd paid for consulting fees, an entity owned by a close family member of Nan-Maree Schoerie.
- (vi) Vesting of share-based payments from Performance Rights, see further details in NOTE 11: SHARE BASED PAYMENT AND RESERVE.

NOTE 14

Segment Information

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. The Directors have determined that the Company predominantly operates in the sale of medicinal cannabis plant related products, following the Sale of the ECS Botanics Food and Wellness Business and the Sale of the Tasmanian Business and Assets in the year ended 30 June 2023.

Subsequent to the disposal of the discontinued operations in the year ended 30 June 2023, the "Botanics" segment has ceased its operation.

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2024

NOTE 15

Commitments and Contingencies

At the end of the reporting period, the Company has committed approximately \$3.12 million (2023: \$nil) capital works on polytunnels in progress.

	Committed Capital Expenditure \$	Actual Expenditure at 31 December 2024 \$	Balance remaining for completion \$
Polytunnels construction	3,120,000	2,519,277	600,723
Total	3,120,000	2,519,277	600,723

The company does not have any contingent liabilities as at 31 December 2024 (2023: \$nil).

NOTE 16

Events After the End of the Period

There has been no matter, or circumstance, that has arisen since the half-year ended 31 December 2024, 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.

Director's Declaration

For the Half-Year Ended 31 December 2024

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

1. The financial statements and notes, as set out on pages 12 to 30 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 2024 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
28 February 2025

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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 2024 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 2024,
- 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 2024 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, 28 February 2025

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