

ASX APPENDIX 4D

ECS BOTANICS HOLDINGS LIMITED

ABN 98 009 805 298

RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

(Previous corresponding period is the period ended 31 December 2020)

KEY INFORMATION	31-Dec-21	31-Dec-20	% Change
	\$	\$	
Revenue from ordinary activities	2,418,713	586,622	312
Loss from ordinary activities after tax attributable to members	(2,728,852)	(3,041,913)	(10)
Net loss attributable to members	(2,728,852)	(3,041,913)	(10)

DIVIDEND INFORMATION

No dividend has been proposed or declared.

NET TANGIBLE ASSETS PER SECURITY	31-Dec-21	31-Dec-20
	\$	\$
Net tangible assets per security	0.02	0.01

EARNINGS PER SHARE	31-Dec-21	31-Dec-20
	\$	\$
Basic earnings per share	(\$0.0029)	(\$0.0053)
Diluted earnings per share	(\$0.0029)	(\$0.0053)

CONTROL GAINED OR LOST OVER ENTITIES IN THE PERIOD

There has been no gain of control or loss of control over entities in the period ended 31 December 2021.

Refer to the Directors Report for an explanation of the operational and financial results of the Company.

This report is based on, and should be read in conjunction with, the attached financial report for the half-year ended 31 December 2021 for ECS Botanics Holdings Limited, which has been audited by BDO Audit (WA) Pty Ltd.

The half-year report is to be read in conjunction with the 30 June 2021 Annual Report.

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**FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2021**

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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 2021.

It is recommended that the Directors' Report be read in conjunction with any public announcement 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
Mr Alexander Keach	Managing Director	Appointed 11 July 2019
Mr David McCredie	Non-Executive Chairman	Appointed 11 July 2019
Mr Michael Nitsche	Non-Executive Director	Appointed 26 March 2019
Mr Jeremy King	Non-Executive Director	Appointed 11 January 2017
Ms Nan-Marie Schoerie	Executive Director	Appointed 15 March 2021

COMPANY SECRETARY

Mr Mauro Piccini

PRINCIPAL ACTIVITIES

ECS Botanics Holdings Ltd is a leading medicinal cannabis and hemp business. The Company owns farms and medicinal cannabis facilities in Tasmania and Victoria for the cultivation, processing, and manufacturing of medicinal cannabis. ECS manufactures to EU GMP standards and also has the necessary licences and partnerships to cultivate and manufacture a range medicinal cannabis oil and dry flower products. ECS has a hemp food and wellness business, supplying both the wholesale and retail market across Australia. ECS' core focus is scale and low-cost production, without compromising quality.

REVIEW OF OPERATIONS AND ACTIVITIES

Medicinal cannabis

During the September 2021 quarter, the Company secured a five-year contract with Polish company Alivio Spolka ZO.O for the supply of medicinal cannabis products which will generate at least \$4.5m in revenue. Under the agreement, ECS will provide the group with a minimum of \$0.9m of GMP grade medicinal cannabis products per annum. The contract will provide consistent sales revenue and highlights the growing international demand for ECS' leading products.

ECS also entered a four-year, \$1.75m contract with one of New Zealand's largest cannabis distribution companies, MW Pharma Limited. The agreement allows ECS to supply MW Pharma Limited with a minimum of \$1.75m of GMP manufactured medicinal cannabis, which will be white labelled across the group's existing brands. MW Pharma will sell the product through its established relationships in New Zealand's pharmacy networks. The first-year minimum order value is \$250,000, followed by a minimum of \$500,000 for the following three years. First supply will commence following product registration in early 2022.

The Company signed a one-year rolling sales agreement with Australian cannabis company, Canngea Pty Ltd, valued at a minimum of \$410,000 per annum. Canngea was established in 2017 and is focused on distribution domestically and internationally.

DIRECTORS' REPORT

REVIEW OF OPERATIONS AND ACTIVITIES (CONTINUED)

During the December 2021 quarter, ECS entered into a collaborative supply and toll processing agreement for cannabis biomass extraction with Sun Pharma, an Australian based subsidiary of multinational pharmaceutical company Sun Pharmaceutical Industries Ltd. Sun Pharmaceutical Industries Ltd. is the fourth largest specialty generic pharmaceutical company in the world, with revenues topping US\$4.5Bn. The group is supported by over 40 manufacturing facilities and provides high quality and affordable medicines in more than 100 countries.

The agreement provides ECS with a strategic partnership with a leading, global pharmaceutical company and Sun Pharma with the opportunity to enter the medicinal cannabis manufacturing industry with a flagship customer. The agreement ensures Sun Pharma a supply of cost effective GACP grown biomass to accelerate the development of its medicinal cannabis product range.

Under the terms of the agreement, ECS has freed up ~\$1m in capital, previously set aside for the installation of a carbon-dioxide (CO2) extractor, allowing the Company to divert the investment into cannabis cultivation and dried flower production. Sun Pharma have also agreed to purchase no less than 55% of its annual cannabis biomass requirements, which has the potential to generate revenue between \$6.6m and \$9.8m over the next five years.

Further to the agreement with Sun Pharma, ECS signed a binding agreement to supply resin to leading Australian cannabis company, Cannvalate Pty Ltd ("Cannvalate"). Cannvalate is focused on the later part of the medicinal cannabis value chain and has one of the largest networks of cannabis prescribing doctors. The group also acts on behalf of The Valens Company (TXS: VLNS) in Australia, to manufacture GMP grade medicinal cannabis through Epsilon Health Limited (ASX: EPN).

The supply agreement will generate circa \$592,500 in revenue for ECS over the next 12 months, after which there is a minimum obligation of \$4,906,000 over the remaining term and upon the commissioning of ECS' extraction unit with Sun Pharma.

The partnership reinforces the quality and sustainability of ECS's long-term cultivation strategy and highlights the increasing demand for Australian sourced medicinal cannabis products for local and export markets.

To meet growing demand, the Company continued the expansion of operations at its Victorian cultivation facility.

Regulatory matters

Coinciding with the annual TGA GMP audit, in November 2021, ECS increased the scope of its GMP licence to include export of dried flower. The audit returned an A1 rating. ECS has subsequently successfully listed a number of oil and dried flower products on the Australian Register of Therapeutic Goods (ARTG), thus facilitating exports which commenced in January 2022.

Hemp Food & Wellness

ECS strengthened the distribution network for its 250ml Extra Virgin Tasmanian Hemp Seed Oil product via Coles stores nationwide. The product was stocked in outlets around the country from November 2021. The development follows direct discussions between the Company and Coles Group, and ECS' strategic decision to no longer use third party distributors to supply Coles and Woolworths. This has also benefited the Company by improving profit margins.

During the December 2021 quarter, Metcash agreed to provide distribution for ECS hemp seed oil. Through Metcash, ECS is building a direct approach to the IGA network, with Richies Supa IGA, Australia's largest independent supermarket chain (84 stores) agreeing to stock ECS's hemp seed oil.

DIRECTORS' REPORT

CORPORATE

Capital Raising

The Company raised \$6.6m (before costs) through the issue of 198.5 million fully paid ordinary shares at a price of \$0.033 per share to institutional, professional, and sophisticated investors. The placement included a one for two free attaching option with an exercise price of \$0.08 each, with an expiry of two years from the date of issue. Funds from the placement will be utilised to expedite ECS' growth trajectory, allowing the Company to continue supplying the accelerating demand for its medicinal cannabis products. ECS will deploy capital to progress the purchase and installation of additional protected cropping enclosures and post-harvest production facilities, which will allow the Company to significantly increase sales and gross margin.

Developments in investment

The assets of Tasmanian Agricultural Producers ("Tap Agrico") which ECS owns a 28.4% stake were sold and settled on 23 December 2021. The Company expects the sale proceeds will be distributed to ECS and the other Tap Agrico shareholders over the next three months. The capital return is expected to be less than the investment value (\$750,000), however greater than the carrying value of \$540,000. The hemp industry in Tasmania has matured reducing the need for ECS to own infrastructure, furthermore ECS is working closely with cultivation and processing partners so it can run a lower risk, asset lighter and higher margin hemp food, and wellness business.

The Company held a cash balance of \$7.1 million as at 31 December 2021.

FINANCIAL RESULTS

The financial results of the Company for the half year ended 31 December 2021 are:

	31-Dec-21	30-Jun-21
Cash and cash equivalents (\$)	7,146,136	4,244,950
Net assets (\$)	20,506,257	17,089,532

	31-Dec-21	31-Dec-20
Net loss after tax (\$)	(2,728,852)	(3,041,913)
Earnings/(Loss) per share (\$)	(0.0029)	(0.0053)

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

On 11 January 2022, 20,375,000 unlisted options with an exercise price of \$0.08 expired.

On 14 January 2022, a total of 1,515,152 fully paid ordinary shares (Shares) were issued pursuant to shareholder approval received on 17 December 2021 regarding directors participation in the share placement announced on 29 October 2021.

On the same date, 112,000,068 free attaching options were issued to the November 2021 placement participants.

DIRECTORS' REPORT

EVENTS OCCURRING AFTER REPORTING DATE CONTINUED

There has been no other matter, or circumstance, that has arisen since the half-year ended 31 December 2021, 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 7 for the half-year ended 31 December 2021.

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



Alexander Keach
Managing Director
22 February 2022

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

As lead auditor for the review of ECS Botanics Holdings Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

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

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



Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 22 February 2022

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ECS BOTANICS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Note	31-Dec-21 \$	31-Dec-20 \$
Revenue	2	2,418,713	586,622
Cost of goods sold		(1,656,344)	(577,976)
Depreciation and amortisation		(274,698)	(16,334)
Marketing expenses		(79,277)	(117,313)
Occupancy expenses		(74,157)	(16,745)
Administration		(241,586)	(87,520)
Director fees		(55,800)	(55,710)
Professional fees		(145,087)	(106,990)
Legal fees		(40,835)	(11,576)
Consulting and corporate advisory fees		(105,294)	(109,189)
Compliance and regulatory expenses		(351,951)	(107,235)
Research and development costs		(25,549)	(17,739)
Wages and superannuation		(1,649,116)	(427,518)
Share-based payment expense	3	-	(1,781,250)
Share of gain/(loss) of Tasmanian Agricultural Producers Pty Ltd	6	37,846	(125,222)
Inventory write-off	4	(698,188)	(63,015)
Fair-Value gain/(loss) on biological assets		212,471	(7,203)
Loss before income tax for the period		(2,728,852)	(3,041,913)
Income tax expense		-	-
Loss after income tax for the period		(2,728,852)	(3,041,913)
Total comprehensive loss for the period attributable to members of ECS Botanics Holdings Limited		(2,728,852)	(3,041,913)
Loss per share for the period attributable to the members of ECS Botanics Holdings Limited:			
Basic and diluted loss per share (\$)	6	(\$0.0029)	(\$0.0053)

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

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ECS BOTANICS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	31-Dec-21 \$	30-Jun-21 \$
ASSETS			
Current Assets			
Cash and cash equivalents		7,146,136	4,244,950
Trade and other receivables		1,269,457	824,551
Inventories	4	2,069,855	2,974,033
Biological assets	4	527,244	-
Total Current Assets		11,012,692	8,043,534
Non-Current Assets			
Plant and equipment	5	8,348,975	7,036,265
Intangible assets		2,772,133	2,923,756
Investments accounted for using the equity method	7	540,223	502,377
Total Non-Current Assets		11,661,331	10,462,398
TOTAL ASSETS		22,674,023	18,505,932
LIABILITIES			
Current Liabilities			
Trade and other payables		959,176	1,028,887
Borrowings		-	1,446
Provisions		327,489	160,022
Unearned revenue	8	860,348	200,750
Lease liability		20,753	7,141
Total Current Liabilities		2,167,766	1,398,246
Non-current Liability			
Lease liability		-	18,154
Total Non-current Liability		-	18,154
TOTAL LIABILITIES		2,167,766	1,416,400
NET ASSETS		20,506,257	17,089,532
EQUITY			
Issued capital	9	32,736,341	24,870,764
Reserves	3	250,574	1,970,574
Accumulated losses		(12,480,658)	(9,751,806)
TOTAL EQUITY		20,506,257	17,089,532

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

ECS BOTANICS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
At 1 July 2021	24,870,764	1,970,574	(9,751,806)	17,089,532
Loss for the period	-	-	(2,728,852)	(2,728,852)
Total comprehensive income/(loss) for the period after tax	-	-	(2,728,852)	(2,728,852)
Placement (net of costs)	6,115,577	-	-	6,115,577
Issue of options	-	30,000	-	30,000
Conversion of performance rights	1,750,000	(1,750,000)	-	-
Balance at 31 December 2021	32,736,341	250,574	(12,480,658)	20,506,257
At 1 July 2020	10,230,396	220,574	(5,416,234)	5,034,736
Loss for the period	-	-	(3,041,913)	(3,041,913)
Total comprehensive income/(loss) for the period after tax	-	-	(3,041,913)	(3,041,913)
Placement (net of costs)	5,052,156	-	-	5,052,156
Incentive shares	31,250	-	-	31,250
Vesting of performance rights	-	1,750,000	-	1,750,000
Balance at 31 December 2020	15,313,802	1,970,574	(8,458,147)	8,826,229

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

ECS BOTANICS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Note	31-Dec-21	31-Dec-20
		\$	\$
Cash flows used in operating activities			
Receipts from customers		1,989,449	830,749
Payment to suppliers and employees		(3,793,732)	(2,131,145)
Interest received		219	561
Net cash flows used in operating activities		(1,804,064)	(1,299,835)
Cash flows from investing activities			
Payments for property, plant and equipment	5	(1,435,785)	(38,088)
Payments for land & buildings	5	-	(1,188,658)
Net cash flows used in investing activities		(1,435,785)	(1,226,746)
Cash flows from financing activities			
Proceeds from the issue of shares (net of costs)		6,145,577	5,052,156
Lease repayments		(4,543)	-
Net cash flows provided by financing activities		6,141,034	5,052,156
Net increase/(decrease) in cash and cash equivalents		2,901,186	2,525,575
Cash and cash equivalents at the beginning of the period		4,244,950	1,904,014
Cash and cash equivalents at the end of the period		7,146,136	4,429,589

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

ECS BOTANICS HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2021 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 2021 annual financial report for the financial year ended 30 June 2021.

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 2021, together with any public announcements made during the following half-year.

New or amended Accounting Standards and Interpretations adopted

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

Going concern

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

NOTE 2: REVENUE

The following other income items are relevant in explaining the financial performance for the interim period:

	31-Dec-21	31-Dec-20
	\$	\$
(a) Revenue		
Retail sales*	37,267	21,635
Wholesale sales*	2,298,419	472,013
Rental income	5,088	6,821
Other income	77,720	85,592
Interest received	219	561
	2,418,713	586,622

*All revenue is recognised at a point in time.

ECS BOTANICS HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 3: SHARE BASED PAYMENT EXPENSE AND RESERVE

	31-Dec-21 \$	31-Dec-20 \$
Share based payment		
Shares issued ¹	-	31,250
Options issued ²	30,000	-
Performance rights**	-	1,750,000
	30,000	1,781,250
Share based payment reserve		
Opening balance	1,970,574	220,574
Performance rights vested**	-	1,750,000
Options issued ²	30,000	-
Conversion of performance rights **	(1,750,000)	-
Closing balance	250,574	1,970,574

¹Refer to note 8 for further information.

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

³At the end of the previous reporting period, management assessed that the achievement of the performance rights milestones was probable. The rights had a fair value of \$0.04, being the same value as the deemed price of shares which were issued at the same time. Refer to note 10 for further information in relation to the performance rights. A corresponding movement of \$1,750,000 has been recognized in the share-based payment reserve for the previous period. On 8 September 2021, those performance rights were converted to shares (refer to note 9).

NOTE 4: INVENTORY AND BIOLOGICAL ASSETS

	31-Dec-21 \$	30-Jun-21 \$
Inventory		
Finished goods	1,769,026	301,396
Raw materials	300,829	2,672,637
	2,069,855	2,974,033
During the period, \$698,188 of inventory was written-off, associated with waste associated with ECS high quality controls and production processes.		
Biological assets		
Biological assets	527,244	-
	527,244	-

ECS BOTANICS HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 5: 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 2021	1,136,146	2,165,220	379,308	2,018,840	34,909	1,544,079	7,278,502
Additions	-	208,142	878,647	350,010	-	6,771	1,443,570
Transfer of completion construction	-	1,441,165	-	109,685	-	(1,550,850)	-
Disposals	-	-	-	(8,955)	-	-	(8,955)
Balance at 31 December 2021	1,136,146	3,814,527	1,257,955	2,469,580	34,909	-	8,713,117
Depreciation							
Balance at 1 July 2021	-	146,026	24,025	54,774	17,412	-	242,237
Depreciation for the period	-	38,674	47,046	34,556	2,799	-	123,075
Disposals	-	-	-	(1,170)	-	-	(1,170)
Balance at 31 December 2021	-	184,700	71,071	88,160	20,211	-	364,142
Carrying amounts							
at 31 December 2021	1,136,146	3,629,827	1,186,884	2,381,420	14,698	-	8,348,975
at 30 June 2021	1,136,146	2,019,194	355,283	1,964,066	17,497	1,544,079	7,036,265

ECS BOTANICS HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 5: PROPERTY, PLANT AND EQUIPMENT CONTINUED

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

During the period, the Company commenced with the development of an outdoor medicinal cannabis project (Medicinal Cannabis Project) at its wholly owned site in northern Tasmania.

ECS BOTANICS HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 6: EARNINGS PER SHARE

	31-Dec-21	31-Dec-20
	\$	\$
Loss after income tax attributable to owners of ECS Botanics Holdings Limited	(2,728,852)	(3,041,913)
Weighted average number of ordinary shares used in calculated basic earnings per share	952,890,293	573,924,223
Basic earnings/(loss) per share (\$)	(0.0029)	(0.0053)

NOTE 7: INTERESTS IN ASSOCIATE

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

Name	Principle place of business	Ownership Interest	
		31-Dec-21	30 Jun-21
		%	%
Tasmanian Agricultural Producers Pty Ltd	Australia	28.4%	28.4%
<i>Reconciliation of the consolidated entity's carrying amount</i>		31-Dec-21	30-Jun-21
		\$	\$
Opening carrying amount		502,377	665,062
Share of profit/(loss) after income tax		37,846	(162,685)
Closing carrying amount		540,223	502,377

NOTE 8: UNEARNED REVENUE

	31-Dec-21	30 Jun-21
	\$	\$
Unearned revenue		
Wholesale sales	860,348	200,750

NOTE 9: ISSUED CAPITAL

	31-Dec-21	30 Jun-21
	\$	\$
Issued and paid up Capital		
Ordinary Shares Fully Paid	32,736,341	24,870,764

ECS BOTANICS HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 9: ISSUED CAPITAL (CONTINUED)

Movement in ordinary shares on issue	Date	Issue price	Number of shares	\$
Balance at the beginning of the period	1 July 2020	-	507,591,067	10,230,396
July 2020 share placement	3 August 2020	\$0.0175	34,285,715	600,000
Placement August	26 August 2020	0.0175	42,868,423	750,197
Incentive shares issued *	2 November 2020	0.0250	1,250,000	31,250
Placement December 2020	17 December 2020	\$0.045	88,888,889	4,000,000
Acquisition of Murray Meds	15 March 2021	\$0.054	100,000,000	5,400,000
Placement March 2021	24 March 2021	\$0.050	80,000,000	4,000,000
Placement of shortfall	26 April 2021	\$0.050	7,963,241	398,162
Incentive shares issued *	30 June 2021	\$0.036	133,332	4,800
Capital raising costs				(544,041)
Balance at end of period	30 June 2021		862,980,667	24,870,764
Conversion of Performance Rights to shares	8 September 2021	\$0.040	43,750,000	1,750,000
Placement November	4 November 2021	\$0.033	198,787,878	6,550,000
Capital raising costs				(434,423)
Balance at the end of period	31 December 2021		1,105,215,515	32,736,341

*Incentive shares were granted on 19 November 2020 and 30 June 2021 to employees. The arrangements are deemed share-based payments. As they cannot be valued based on services, the fair value was determined as the share price on grant date.

NOTE 10: COMMITMENTS & CONTINGENCIES

During the period the Company assessed the probabilities of the contingent consideration being payable with respect to the reverse asset acquisition of ECS Botanics Pty Ltd which occurred on 11 July 2019. The consideration comprised 131,250,000 Performance Rights that were issued as part of the Acquisition Consideration, of which 43,750,000 vested in the previous year.

The remaining Performance Rights vest subject to the below ECS Botanics Pty Ltd revenue milestones:

- 43,750,000 Performance Rights ('Milestone B Performance Rights') will convert into Shares upon ECS achieving an annual revenue in any financial year of \$2.50 million within three years of the Company's readmission to the ASX list.
- 43,750,000 Performance Rights ('Milestone C Performance Rights') will convert into Shares upon ECS achieving an annual revenue in any financial year of \$10.00 million within four years of the Company's readmission to the ASX list.

Management have applied judgement to whether the achievement of the milestones is possible. While the achievement of milestones B and C are possible, it is currently not probable and so no value has been ascribed to them and these will be reassessed at each period end.

ECS BOTANICS HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 11: OPERATING SEGMENTS

Identification of reportable operating segments

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

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

Statement of Profit or Loss

31-Dec-2021	Botanics	MC & FDF	Corporate	Total
Revenue				
Retail sales	37,267	-		37,267
Wholesale sales	951,518	1,346,901	-	2,298,419
Other income	68,479	14,329	219	83,027
Segment revenue	1,057,264	1,361,230	219	2,418,713
Fair value gain/(loss) on biological assets	32,723	179,748	-	212,471
Segment result	(805,386)	(1,388,278)	(535,188)	(2,728,852)
Finance costs				-
Loss before income tax				(2,728,852)
Income tax expense				-
Loss after income tax				(2,728,852)
31-Dec-2020				
Revenue				
Retail sales	21,635	-	-	21,635
Wholesale sales	472,013	-	-	472,013
Other income	92,413	-	561	92,974
Segment revenue	586,061	-	561	586,622
Segment result		-		(3,041,913)
Finance costs				-
Loss before income tax				(3,041,913)
Income tax expense				-
Loss after income tax				(3,041,913)

Statement of Financial Position

31-Dec-2021	Botanics	MC & FDF	Corporate	Total
Segment assets	6,012,379	7,161,143	9,500,501	22,674,023
Segment liabilities	424,037	1,619,379	124,348	2,167,764
Capital expenditure	136,679	1,299,106	-	1,435,785
Depreciation and amortisation	44,185	78,890	151,623	274,698
30-Jun-2021				
Segment assets	6,235,986	8,272,175	3,997,771	18,505,932
Segment liabilities	431,876	764,068	220,456	1,416,400
Capital expenditure	3,075,923	358,241	-	3,434,164
Depreciation and amortisation	36,205	151,721	-	187,926

ECS BOTANICS HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 12: RELATED PARTIES	31-Dec-21	31-Dec-20
	\$	\$
The following transactions occurred with related parties:		
ARQ Capital Pty Ltd ⁽ⁱ⁾	18,000	18,000
Bushwood Nominees Pty Ltd ⁽ⁱⁱ⁾	18,000	18,000
Australian British Chamber of Commerce ⁽ⁱⁱⁱ⁾	17,424	14,400
Mirador Corporate Pty Ltd ^(iv)	70,400	73,900
The D & S McCredie Family Trust ^(v)	19,800	19,710
Pharmout ^(vi)	87,331	-
	230,955	144,010

- (i) ARQ Capital Pty Ltd was paid for Director fees, of which Michael Nitsche is a director.
- (ii) Bushwood Nominees Pty Ltd was paid for Director fees, of which Jeremy King is a director.
- (iii) Australian British Chamber of Commerce was paid for office rental fees, of which David McCredie is a director.
- (iv) Mirador Corporate Pty Ltd was paid for company secretarial and financial management services to the Company, of which Jeremy King is a director.
- (v) The D & S McCredie Family Trust was paid for Director fees, of which David McCredie is a director.
- (vi) Pharmout was paid for consulting fees, an entity owned by a close family member of Nan Maree Schoerie.

During the period, Milestone A performance rights were converted to shares. See note 8 for further details.

No share-based payments were made to directors during the period.

All transactions were made on normal commercial terms and conditions and at market rates.

NOTE 13: EVENTS AFTER THE END OF THE INTERIM PERIOD

On 11 January 2022, 20,375,000 unlisted options with an exercise price of \$0.08 expired.

On 14 January 2022, a total of 1,515,152 fully paid ordinary shares were issued pursuant to shareholder approval received on 17 December 2021 regarding directors' participation in the share placement announced on 29 October 2021.

On the same date, 112,000,068 free attaching options were issued to the November 2021 placement participants.

There has been no other matter, or circumstance, that has arisen since the half-year ended 31 December 2021, 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.

ECS BOTANICS HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

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ECS BOTANICS HOLDINGS LIMITED

DIRECTORS' DECLARATION FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

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 8 to 20 are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the Company's financial position as at 31 December 2021 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.



Alexander Keach
Managing Director

22 February 2022

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of ECS Botanics Holdings Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of ECS Botanics Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

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

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

BDO Audit (WA) Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'J Prue', is written over the printed name.

Jarrad Prue

Director

Perth, 22 February 2022

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