

Appendix 4D

	31-Dec-25	31-Dec-24	% Change
	\$	\$	
Revenue from ordinary activities	11,582,975	9,760,094	19%
(Loss) from ordinary activities after tax attributable to members	(833,562)	(1,980,490)	58%
Net (loss) attributable to members	(833,562)	(1,980,490)	58%

NET TANGIBLE ASSETS PER SECURITY	31-Dec-25	31-Dec-24
	Cents	Cents
Net tangible assets per security	2.06	2.61

LOSS PER SHARE	31-Dec-25	31-Dec-24
	Cents	Cents
Basic (loss) per share	(0.06)	(0.15)
Diluted (loss) per share	(0.06)	(0.15)



ABN 98 009 805 298

Financial Report

For the Half Year Ended
31 December 2025

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Half-Year Report December 2025 Highlights.

Summary of Financial Results

Revenue from Operations



NPBT



EBITDA



Message from the Managing Director.

Dear Shareholders

The first half of FY26 represented a clear inflection point for ECS Botanics. During the period, the Group returned to positive net profit before tax and generated positive EBITDA. The Group continued to deliver revenue growth and materially strengthened its earnings profile compared to the prior corresponding period. These outcomes reflect the cumulative impact of strategic initiatives implemented over the past two years, positioning ECS as a more diversified, brand-led and increasingly cash-generative business.

Financial Performance and Cash Flow

For the half year, ECS generated revenue from continuing operations of \$11 million, an increase of 16.5% on the prior corresponding period. Growth was driven by continued expansion of the Group's branded portfolio, broader national distribution and increasing penetration of finished dose formats, complemented by contributions from B2B and export channels.

Importantly, ECS delivered a profit before tax of \$0.04 million, compared to a loss of \$1.98 million in the prior corresponding period. Underlying performance improved materially, with EBITDA of \$0.8 million, reflecting stronger gross margins, improved operating leverage and disciplined cost management.

The Group also recorded positive operating cash flow in both the September and December quarters. This represents a meaningful turnaround from the prior year and provides confidence that recent improvements in profitability are structurally driven rather than cyclical.

The Group has been required to recognise an impairment of \$885,353 against its deferred tax assets, based on an assessment that the Group may not generate sufficient future economic benefits to utilise these assets.

Capital Management

During the half year, ECS completed a \$1.95 million capital raising (before costs). Proceeds are being deployed in line with the Group's stated strategy to support new product registrations, strategic inventory build, expansion of the Group's branded portfolio and international expansion, particularly in Europe.

The raise strengthened ECS's balance sheet at a pivotal stage in the Group's growth cycle and ensures ECS is adequately capitalised to execute its strategy without compromising financial discipline.

Market Conditions and Revenue Mix

The Australian medicinal cannabis market remained highly competitive during the half year, with dried flower pricing declining by more than 20% over the last 12 months due to significant

low-cost imports. ECS mitigated this pricing pressure through productivity gains and the accelerated rollout of its branded portfolio, preserving margins and maintaining revenue growth. B2B revenue and margins have been substantially impacted by the price erosion.

ECS has continued to progress its strategy of diversifying revenue streams and reducing exposure to pricing pressure in any single market segment. By the end of the period, branded business-to-consumer (B2C) products had become the largest contributor to group revenue. This shift reflects the success of ECS's transition from a predominantly B2B supplier to a branded operator with greater pricing control and improved margin quality, supported by increased prescriber engagement, broader national distribution and strong patient demand across multiple product categories.

Product Diversification and Portfolio Expansion

Product diversification remained central to the Group's strategy. The Avani Advanced range continued to perform strongly, supported by prescriber education around VESIsorb and its enhanced bioavailability profile.

A temporary stock-out of Avani Advanced CBD25 capsules occurred during October due to third-party manufacturing delays. These matters were resolved during the December quarter, with sales returning to forecast levels.

ECS's finished dose portfolio now spans pastilles (gummies), capsules, resin extracts and vaporised products, manufactured across multiple jurisdictions. This diversification reduces reliance on any single dosage format, spreads pricing risk and empowers the Group to respond more flexibly to evolving prescriber and patient preferences.

OzSun Value Range

The OzSun value range continued to gain traction and remains a cornerstone of ECS's volume strategy. In addition to established flower products, the Group launched sugar-free THC and balanced THC/CBD gummies late in the period, which were well received by prescribers and pharmacists.

OzSun enables ECS to compete effectively in the price-sensitive segment of the market while leveraging its scale and cost advantages to preserve margin integrity.

AVANI AVA Women's Health Launch

During the half year, ECS completed preparations for the launch of AVANI AVA, a women's health-focused brand targeting a clearly underserved segment of the medicinal cannabis market. The initial range includes THC/CBD pessaries, topical formulations, low-dose capsules and a differentiated flower product, each developed with an emphasis on precision dosing, tolerability and patient experience.



AVANI AVA reflects ECS's strategy of building differentiated, higher-value brands with strong

prescriber engagement. The range is expected to contribute to B2C growth in the second half of FY26 as distribution and awareness expand.

Operational Performance and Infrastructure

Operational efficiency improved across the half year, supported by stronger yields and tighter alignment between cultivation, manufacturing and sales.

Investment in infrastructure continued in line with the Group's long-term strategy. Construction of the Protected Cropping Enclosures, including underfloor heating and lighting, was delivered as planned. These facilities extend the production season to twelve months, increase A-grade output and enhance product consistency. Together with expanded drying and temperature-controlled curing capacity, this infrastructure underpins ECS's ability to supply domestic and export markets reliably and at scale.

Outlook

The first half of FY26 demonstrates the tangible results of ECS's strategic repositioning as a more diversified and higher-margin business. With positive earnings, consecutive cash flow positive quarters, a strengthened balance sheet

and a diversified branded portfolio, the Group has materially improved its financial resilience and enters the second half of FY26 well positioned to continue building long-term shareholder value.

As ECS expands its branded presence in Australia and progresses international initiatives, including Europe and early-stage US preparations, the Board believes the foundations are now in place to support disciplined, sustainable growth in the periods ahead.

On behalf of the Board, I thank our shareholders, employees, customers and partners for their continued support.



Nan-Maree Schoerie

Managing Director

Directors' Report

The Directors of ECS Botanics Holdings Limited ("ECS" or "the Group") present their report, together with the financial statements, on the Group for the half-year ended 31 December 2025.

It is recommended that the Directors' Report be read in conjunction with any public announcements made by the Group during the period and up to the date of this report.

Directors

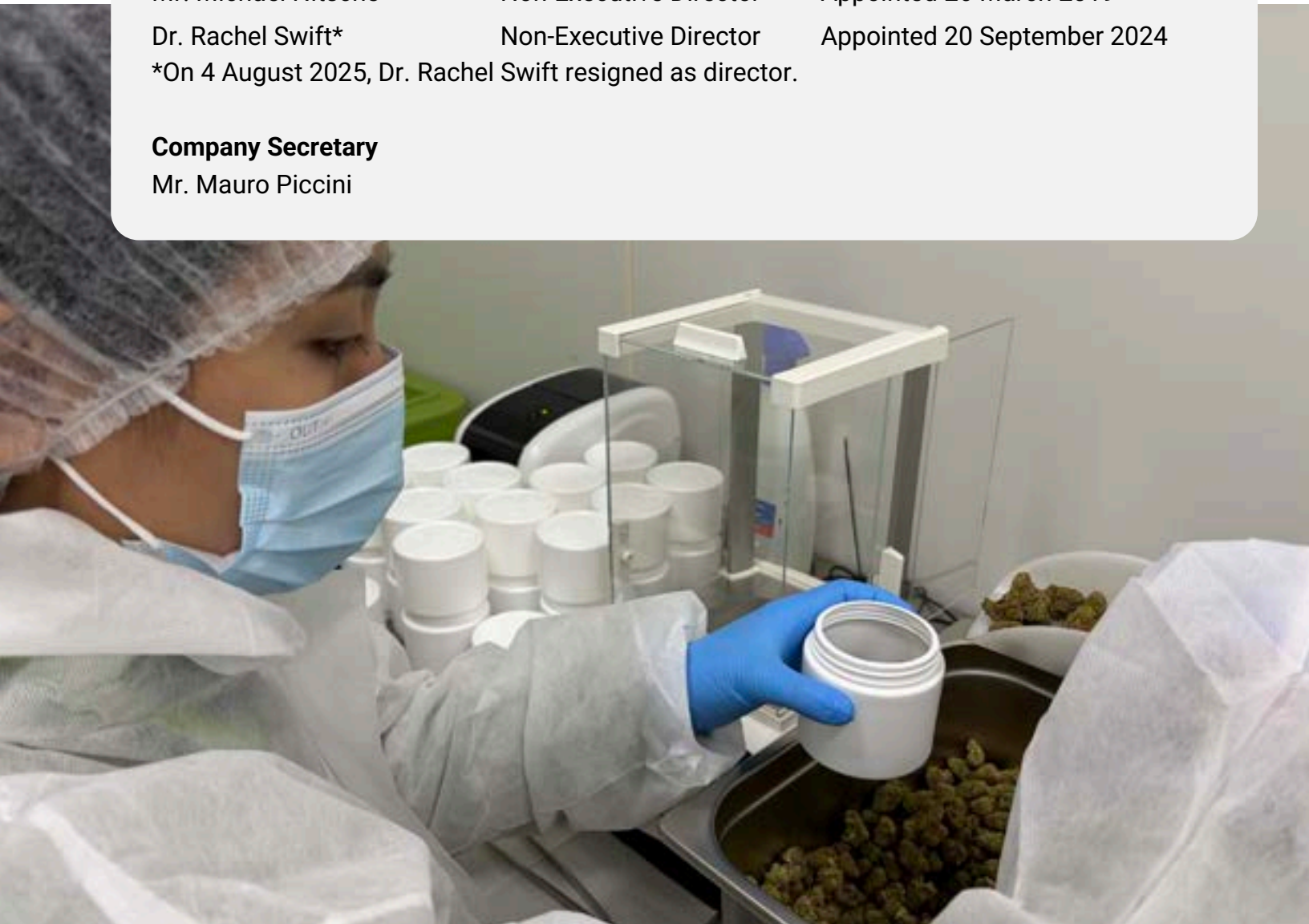
The names and details of the Directors in office during the half year and until the date of this report are set out below.

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

*On 4 August 2025, Dr. Rachel Swift resigned as director.

Company Secretary

Mr. Mauro Piccini





Principal Activities

ECS Botanics Holdings Ltd is a leading Australian medicinal cannabis cultivator, manufacturer and supplier located in Northwest Victoria. The Group operates a vertically integrated business encompassing cultivation, manufacturing and the supply of medicinal cannabis products across both domestic and international markets.

ECS utilises progressive and innovative cultivation methodologies to produce quality medicinal cannabis in a sustainable manner, adopting regenerative and organic horticultural practices and renewable energy sources. The Group is licensed by the Therapeutic Goods Administration (TGA) to manufacture medicinal cannabis products in accordance with PIC/S GMP standards, supporting both Australian and export market requirements. ECS has established itself as a vertically integrated, EU-GMP certified Australian operator with a growing portfolio of branded, high-quality, affordable medicinal cannabis products across a range of dosage forms. The Group's integrated model provides greater control over quality, cost and margin capture compared to import-dependent peers.

Directors' Report

Review of Operations and Activities

Cultivation and Production Operations

During the half year ended 31 December 2025, ECS continued to operate all licensed cultivation assets, including its outdoor fields and 26 Protective Cropping Enclosures (PCEs). Construction and commissioning of the expanded PCE infrastructure, a 460 m³ curing room and a large drying room dedicated to outdoor production were completed as planned.

The enhanced PCE design incorporates improved environmental controls, including underfloor heating and advanced drainage systems, enabling more consistent year-round production. These design improvements have delivered stronger yields and a higher proportion of A-grade flower compared with earlier PCE designs. All licensed PCEs and outdoor cultivation areas were in active production throughout the period. The completion of these assets marks the conclusion of a multi-year infrastructure expansion program and positions ECS for consistent 12-month production capacity, increased A-grade output and improved inventory planning across domestic and export markets. With this phase now substantially complete, ECS enters the next stage of its growth cycle with a fully operational asset base capable of supporting increased domestic and export volumes without significant additional capital expenditure.

Cultivation and production efficiency improved materially over the half year, supported by stronger yields and improved production planning. Employment costs declined by 5.2% compared to the prior corresponding period despite mandatory award wage and superannuation increases, while revenue increased 16.5% over the same period. This demonstrates improved operating leverage across the platform.

These operational improvements translated into financial outcomes, with ECS delivering two consecutive quarters of positive operating cash flow during the half year. This marks a material turnaround from the prior year and reflects the scalability of the Group's vertically integrated platform following the completion of its recent investment phase.

Genetic development and cultivar optimisation continued during the period, including phenotype hunting and selection of high-performing Californian genetics, ongoing evaluation of existing strains and the progressive retirement of underperforming cultivars. Strong residual demand remains for legacy cultivars such as Green Gelato and Royal Moby. Newer genetics have been selected based on yield, processing efficiency and patient preferences. As these cultivars are increasingly adopted, the Group expects further reductions in production costs, supporting the sustainability of margins over time. This disciplined genetics strategy supports both premium positioning and

Directors' Report

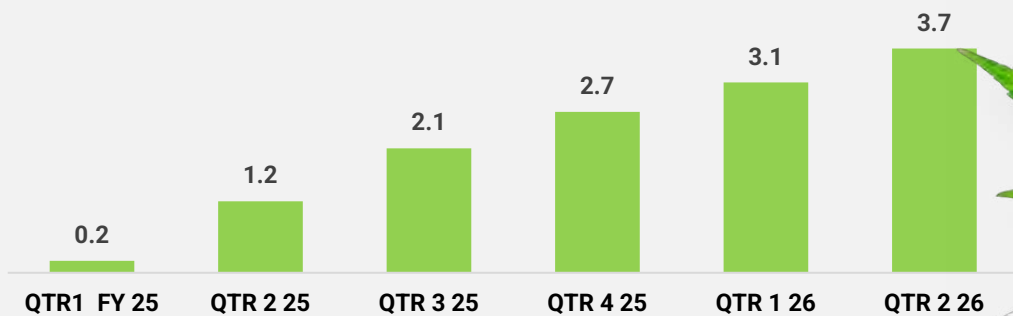
cost efficiency, reinforcing ECS's ability to compete across multiple price segments while protecting margin integrity.

In September 2025, ECS received a \$118,000 grant under the Made in Victoria – Manufacturing Growth Program to support expansion into the production of live rosin cartridges for both own-brand and white-label products. The addition of live rosin capability expands ECS's finished dose offering into higher-margin derivative products and enhances the Group's ability to service both proprietary brands and potential white-label opportunities. Equipment has been installed and process validation is underway, with commercial production anticipated within the next three months.

Commercial Activities

ECS continued to scale its commercial operations and strengthen its branded business-to-consumer (B2C) platform. Branded B2C products, including AVANI, AVANI Advanced and OzSun, became the largest contributor to group revenue during the period, accounting for approximately 60% of total revenue, supported by the introduction of additional products across these ranges. This milestone reflects the successful execution of the Group's transition from a predominantly wholesale supplier to a branded operator capturing retail margin.

ECS Branded B2C Sales in A\$ Millions



During the half year ECS launched three pastille products. The Avani Advanced VESIsorb pastille launch was deferred following quality concerns identified in the initial delivery. ECS elected to reformulate the product to better align with patient demand, including higher THC concentrations. This decision reflects the Group's commitment to product quality and market fit over speed to launch.

Directors' Report



During the period, ECS expanded its national distribution footprint through a partnership enabling product listing on the Canview platform, one of Australia's leading medical cannabis distribution networks. This has broadened patient access, enhanced prescriber visibility and strengthened the Group's ability to scale its branded portfolio across both clinic and pharmacy channels.

Following third-party alignment challenges relating to genetics exclusivity, ECS elected to internalise cultivation of Terphogz genetics within its own facilities. This approach required the identification and selection of suitable phenotypes through multiple crop rotations. Although this approach extended the timeline to commercialisation, it provides greater control over quality, supply chain security and margin capture. The first commercial Terphogz crops are anticipated in Q4, subject to standard cultivation outcomes.

At the end of the period, ECS announced the launch of its Women's Health brand, AVANI AVA. The initial launch consists of four products - a flower, capsule, topical cream and a suppository. AVANI AVA targets an underserved and growing segment of the medicinal cannabis market and is expected to contribute to incremental B2C growth as prescriber engagement expands.

Ongoing price compression in dried flower, driven by import competition, continues to impact the broader market with the median price declining approximately 10% and the lower price products selling at 30% below the prior year. ECS's shift to branded sales and retail margin capture has provided an important buffer to margin retention in this environment.

Export activities also progressed during the period, with growing engagement across European markets. ECS continues to prioritise disciplined expansion into jurisdictions offering attractive pricing dynamics and regulatory stability. Export channels continue to represent a meaningful medium-term growth opportunity, particularly as the Group advances its own branded strategy in Europe.

Directors' Report

Regulatory

On 30 September 2025 the Office of Drug Control (ODC) undertook an announced inspection of the facility. The ODC issued a formal warning with regards to a construction shed used during the construction of the new tunnels not being on the approved plans. The ODC accepted the corrective action taken by ECS to add the shed to the plans via a variation, and no further compliance matters were identified. There were no operational interruptions arising from the inspection.

Cash

The Group continues to actively manage liquidity, with access to diversified funding sources to support working capital and growth initiatives. The recent return to positive operating cash flow reduces reliance on external funding relative to the prior year, and with major infrastructure investments completed, the Group expects future capital requirements to be more closely aligned with working capital and targeted growth initiatives rather than large-scale asset expansion.

As at 31 January 2026, ECS had a cash balance of \$0.2 million and a \$5.2 million NAB Corporate Market Loan Facility, of which \$4.2 million was available to be drawn. Overall fund available for use is \$4.4 million.

In addition, the Group has a \$4.80 million NAB Asset Finance Facility, as at 31 January 2026, \$4.52 million had been utilised, leaving \$280k available for the future capital expenditure. As at 31 January 2026, the remaining limit of the NAB Trade Finance Facility is \$1.1 million, with \$223k already drawn to fund the new vault. This facility is expected to be closed around the end of March 2026.

Financial Results

The financial results of the Group for the half year ended 31 December 2025 are:

	31-Dec-25	30-Jun-25
	\$	\$
Cash and cash equivalents	1,306,395	373,597
Net assets	23,710,204	22,627,487
	31-Dec-25	31-Dec-24
	\$	\$
Net (loss) after tax	(833,562)	(1,980,490)
(Loss) per share (cents)	(0.0633)	(0.1536)

Directors' Report

Significant Changes In State Of Affairs

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

Events Occurring After Reporting Date

The Group issued 10,000,000 performance rights under an employee incentive scheme for Mr. Nicholas Thomas, effective from 20 January 2026. The Rights are expiring on 01 November 2028.

On 29 January 2026, the Group announced the quotation of 577,750,836 options expiring on 15 June 2028, as part of a previously disclosed placement.

Auditor's Independence Declaration

The lead auditor's independence declaration under s 307C of the Corporations Act 2001 is set out on page 14 for the half-year ended 31 December 2025.

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



Nan-Maree Schoerie

Managing Director

27 February 2026

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 2025, 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, 27 February 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2025

	Note	31-Dec-25 \$	31-Dec-24 \$
Revenue			
Revenue		11,342,423	9,733,757
Other income		240,552	26,337
Expenses			
Corporate expenses	2	(1,038,819)	(1,122,629)
Cost of sales	2	(8,908,056)	(8,742,572)
Employment and consulting	2	(2,724,909)	(2,873,271)
Fair-Value gain/(loss) on biological assets	6	2,310,375	2,236,249
Inventory impairment	5	-	(849,164)
Research and development expenses	2	(10,873)	-
Selling and distribution expenses	2	(897,007)	(309,791)
Finance costs		(272,463)	(79,406)
Profit (loss) before income tax		41,223	(1,980,490)
Income tax (expense)	10	(874,785)	-
(Loss) after income tax		(833,562)	(1,980,490)
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 (loss) attributable to the members of ECS Botanics Holdings Limited		(833,562)	(1,980,490)
Loss per share for the year attributable to the members of ECS Botanics Holdings Limited			
Basic (loss) per share (cents)	3	(0.0633)	(0.1536)
Diluted (loss) per share (cents)	3	(0.0633)	(0.1536)

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 2025

	Note	31-Dec-25 \$	30-Jun-25 \$
Assets			
Current assets			
Cash and cash equivalents		1,306,395	373,597
Trade and other receivables	<u>4</u>	2,792,162	2,341,422
Deposits and advances		268,199	1,158,815
Inventory	<u>5</u>	12,466,690	14,840,214
Biological assets	<u>6</u>	2,421,267	202,939
Total current assets		19,254,713	18,916,987
Non-current assets			
Plant and Equipment	<u>8</u>	12,220,530	11,924,971
Other Non-current trade receivables	<u>7</u>	892,316	1,474,092
Deferred tax assets	<u>10</u>	452,454	1,327,239
Total non-current assets		13,565,300	14,726,302
Total assets		32,820,013	33,643,289
Liabilities			
Current liabilities			
Trade and other payables		1,825,514	3,267,745
Borrowings		1,907,002	4,678,270
Employee provisions and payables		396,247	369,634
Contract liabilities		277,860	497,585
Lease liability	<u>11</u>	1,075,261	553,462
Total current liabilities		5,481,884	9,366,696
Non-current liabilities			
Lease liability	<u>11</u>	3,627,925	1,649,106
Total Non-current liabilities		3,627,925	1,649,106
Total liabilities		9,109,809	11,015,802
Net Assets		23,710,204	22,627,487
Equity			
Issued capital	<u>12</u>	38,450,583	36,667,054
Reserves	<u>9</u>	443,303	317,219
Accumulated losses		(15,183,682)	(14,356,786)
Total equity		23,710,204	22,627,487

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 2025

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
At 1 July 2025	36,667,054	317,219	(14,356,786)	22,627,487
Loss for the period	-	-	(833,562)	(833,562)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period after tax	-	-	(833,562)	(833,562)
Transactions with owners in their capacity as owners:				
Issue of share capital (net of costs)	1,783,529	-	-	1,783,529
Vesting of options	-	69,029	-	69,029
Transfer of cancelled options	-	(6,666)	6,666	-
Vesting of Performance rights	-	63,721	-	63,721
Balance at 31 December 2025	38,450,583	443,303	(15,183,682)	23,710,204
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

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 2025

	Note	31-Dec-25 \$	31-Dec-24 \$
Cash flows from operating activities			
Receipts from customers		10,989,744	9,281,903
Payment to suppliers and employees		(10,366,928)	(10,409,721)
Interest received		-	23,680
Interest paid		(263,079)	(79,406)
Net cash inflow (outflow) from operating activities		359,736	(1,183,544)
Cash flows from investing activities			
Purchase of plant and equipment		(963,937)	(3,241,311)
Net cash (outflow) from investing activities		(963,937)	(3,241,311)
Cash flows from financing activities			
Borrowings		4,233,998	2,933,464
Proceeds from the issue of shares (net of costs)		1,816,000	-
Borrowing repayments		(4,512,999)	(166,654)
Net cash inflow from financing activities		1,536,999	2,766,810
Net increase (decrease) in cash and cash equivalents		932,798	(1,658,045)
Cash and cash equivalents at the beginning of the period		373,597	3,157,509
Cash and cash equivalents at the end of the period		1,306,395	1,499,464

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 2025

NOTE 1

Material Accounting Policy Information

Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2025 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 Group”) 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 valuation of biological assets. 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 Group’s 2025 annual financial report for the financial year ended 30 June 2025.

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 Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2025, together with any public announcements made during the following half-year.

Going Concern

The financial report has been prepared on a going concern basis, reflecting management’s expectation that the Group will continue to operate for the foreseeable future.

Overall, the Group has shown significant improvement in both operating performance and liquidity during the first half of the financial year. For the half-year ended 31 December 2025, the Group reported a loss after tax of \$833,562 (2024: a net loss after tax \$1,980,490) with a net profit before tax of \$41,223 (2024: a net loss before tax \$1,980,490) and net operating cash inflows of \$359,736 (2024: outflow \$1,183,544). As at 31 December 2025, cash and cash equivalents were \$1.31 million. The Group also has access to a \$5.2 million NAB Corporate Markets Loan Facility, of which \$1.68 million had been drawn, giving total funds available of approximately \$4.83 million.

Notwithstanding these improvements, a material uncertainty exists due to the Group’s ongoing reliance on the NAB facility. This uncertainty may cast significant doubt on the Group’s ability to continue as a going concern and, therefore, its ability to realise assets and discharge liabilities in the normal course of business.

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2025

NOTE 1

Material Accounting Policy Information (Continued)

To mitigate any uncertainty, the Group has secured a Corporate Markets Loan Facility with the National Australia Bank with a limit of \$5.2 million and a renewal date of 1 July 2027. The Group remains compliant with all banking covenants and has demonstrated a consistent track record of servicing its debt obligations, including both interest and principal repayments. Management maintains a constructive relationship with the National Australia Bank, which has historically supported the Group's funding requirements and growth initiatives.

The Directors have implemented a range of initiatives to support ongoing profitability and cash generation, including:

1. Driving continued growth across existing sales channels and product lines.
2. Expanding the Group's product offering with new health and wellness products.
3. Increasing international sales and developing new export markets.
4. Supporting growth from recent product launches.
5. Optimising production and inventory to enhance cash conversion.
6. Implementing operational efficiencies, including targeted cost and workforce management.

These initiatives are expected to strengthen cash flows, support ongoing operations, and improve financial resilience over the coming periods.

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.

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2025

NOTE 2

Expenses

	31-Dec-25	31-Dec-24
	\$	\$
Cost of products or raw materials	7,434,381	7,155,037
Wages and superannuation	2,356,632	2,469,005
Direct production labour costs	1,422,086	1,546,589
Marketing and distribution expenses	1,175,619	416,554
Depreciation and amortisation expense	462,162	709,256
Professional fees	216,165	276,734
Compliance and regulatory expenses	162,879	129,796
Share based payment expense	88,279	55,782
Directors' fees	63,833	71,750
Administration	57,945	134,280
Consumable & processing costs	51,589	40,946
Occupancy	45,645	13,066
Corporate consulting and advisory fees	18,600	23,534
Legal fees	12,975	5,934
Research and development costs	10,873	-
Total	13,579,664	13,048,263

NOTE 3

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 shares data used in the basic and diluted EPS calculations:

	31-Dec-25	31-Dec-24
	\$	\$
Net loss attributable to ordinary equity holders of the Group	(833,562)	(1,980,490)
Weighted average number of ordinary shares for basic and diluted loss	1,317,245,219	1,289,201,741
Effects of dilution from:		
Share options	54,500,000	44,500,000
Performance rights	17,500,000	17,500,000
Weighted average number of ordinary shares adjusted for the effect of dilution	1,317,245,219	1,289,201,741
Loss per share for the year attributable to the members of ECS Botanics Holdings Limited		
Basic (loss) per share (cents)	(0.0633)	(0.1536)
Diluted (loss) per share (cents)	(0.0633)	(0.1536)

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2025

NOTE 4

Trade and Other Receivables

	31-Dec-25 \$	30-Jun-25 \$
Trade receivables	1,839,129	2,070,160
Other trade receivables (Note 7)	712,802	131,026
Other receivables	240,231	140,236
Total trade and other receivables	2,792,162	2,341,422

Allowance for Expected Credit Loss

Receivables past due but not considered impaired are \$nil (2025: \$25,360). Other receivables are non-interest bearing.

On the basis, the loss allowance as at 31 December 2025 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	1,821,719	16,094	1,315	-	-	1,839,129

NOTE 5

Inventory

	31-Dec-25 \$	30-Jun-25 \$
Raw materials	1,105,238	1,292,107
Finished goods	11,361,452	13,548,107
Total	12,466,690	14,840,214

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 2025, \$nil (2024: \$849,164) 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 2025, \$2,310,375 (2024: \$2,236,249) was recognised as the fair value gain on biological assets.

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2025

NOTE 6

Biological assets

	31-Dec-25	30-Jun-25
	\$	\$
Biological Assets	2,421,267	202,939

Reconciliations of changes in the carrying amount of biological assets:

	Total
	\$
Balance as at 1 July 2025	202,939
Addition from cultivation	1,384,171
Addition from change in fair value	2,310,375
less reclassified as inventory	(1,476,218)
Balance as at 31 December 2025	2,421,267

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 \$2,421,267 as at 31 December 2025. The increase of \$2,218,328 in biological asset balance is due to the cultivation cycle. During the reporting period, gains of \$2,310,375 (2024: \$2,236,249) were recognised, arising from changes in fair value less costs.

NOTE 7

Other Non-current Trade Receivables

	31-Dec-25	30-Jun-25
	\$	\$
Other non-current trade receivables*	892,316	1,474,092

*During the year ended 30 June 2023, the Group 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.

During the reporting period ended 30 June 2025, an addition of \$252,118 has been recognised, representing costs incurred by Sun Pharma due to a failed resin extraction attempt which resulted in contamination. The cost incurred will be recovered by the Group from Sun Pharma.

As at 31 December 2025, \$712,802 is included in Trade and other receivables and \$892,316 is included in Other Non-current trade receivables to reflect the arrangements.

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2025

NOTE 8

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 2025	816,146	3,687,604	4,059,928	2,677,998	87,425	4,015,849	15,344,950
Additions	-	19,794	542,117	19,726	-	173,203	754,841
Reclassification of Assets	-	-	3,693,213	-	-	(3,693,213)	-
Balance at 31 December 2025	816,146	3,707,398	8,295,258	2,697,724	87,425	495,840	16,099,791
Accumulated depreciation							
Balance at 1 July 2025	-	502,860	2,182,484	671,901	62,734	-	3,419,979
Depreciation during the period	-	45,510	311,258	104,710	(2,196)	-	459,282
Balance at 31 December 2025	-	548,370	2,493,742	776,611	60,538	-	3,879,261
Carrying amounts							
at 31 December 2025	816,146	3,159,029	5,801,516	1,921,113	26,887	495,840	12,220,530
at 30 June 2025	816,146	3,184,744	1,877,444	2,006,097	24,691	4,015,849	11,924,971

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2025

NOTE 8

Property, Plant and Equipment (Continued)

	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	3,199,993	2,594,628	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 2025

NOTE 9

Share Based Payment and Reserve

	31-Dec-25	30-Jun-25
	\$	\$
Movement in reserves		
Opening balance at the start of the reporting period	317,219	415,322
Vesting of Options issued ¹	69,029	36,296
Lapse of options ¹	(6,666)	-
Vesting of performance rights ²	63,721	107,549
Conversion of performance rights ²	-	(137,910)
Forfeiture of performance rights ²	-	(104,038)
Closing balance at the end of the reporting period	443,303	317,219

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 vesting charge of \$24,558 has been recognised in reserves as at 31 December 2025. The Options require continuous services of Mr. King as Chair and Mrs. Schoerie as appointed by the Group. On 4 August 2025, Ms. Rachel Swift resigned, and the 4,500,000 options issued to her, with a fair value of \$6,666 recognised in the previous reporting period, were cancelled.

On 13 November 2025, 14,500,000 options were recognised for the Lead Manager and held by GBA Capital Pty Ltd and Canaccord Genuity (Australia) Limited with an exercise price of \$0.011 and an expiry date of 15 June 2028. Based on the measurement by using Black-Scholes model, the total fair value of \$44,471 has been recognised in reserves. The option granted was recognised in reserves as a capital raising cost.

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	-	-	(4,500,000)	20,000,000
13/11/2025	15/06/2028	\$0.011	-	14,500,000	-	-	14,500,000
			44,500,000	14,500,000	-	-	54,500,000
Weighted average exercise price			\$0.028	\$0.011	-	-	\$0.024
Options exercisable			44,500,000	14,500,000	-		54,500,000

The weighted average remaining contractual life of options outstanding at the end of the reporting period was 2.18 years (30 June 2025: 2.59 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
13/11/2025	15/06/2028	\$0.008	-	75%	-	3.50%	\$0.003

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2025

NOTE 9

Share Based Payment and Reserve (Continued)

2. Performance rights

During the reporting period ended 30 June 2025, 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 \$24,260 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 Group 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 Group from the issue date up to and including 30 September 2026;

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2025

NOTE 9

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 the Rights require continued employment of Ms. Schoerie, Mr. Sun, and Mr. Marr with the Group. As at 31 December 2025 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 2025:

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
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
				17,500,000	-	-	-	17,500,000

The weighted average remaining contractual life of performance rights outstanding at the end of the reporting period was 0.79 years (30 June 2025: 1.31 years).

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2025

NOTE 10

Income Tax

	31-Dec-25	31-Dec-24
	\$	\$
(a) The components of tax expense comprise:		
Current tax expense	-	-
Deferred tax (benefit)	(10,568)	-
Recognition of impairment on deferred tax asset	885,353	-
Income tax expense reported in the statement of profit or loss and other comprehensive income	874,785	-
(b) The prima facie tax on profit (loss) from ordinary activities before tax is reconciled to the income tax as follows:		
Profit/(loss) before income tax expense	41,223	(1,980,490)
Prima facie tax expense/(benefit) on profit before income tax at 25%	10,306	(495,122)
<i>Tax effect amounts which are not deductible/(taxable) in calculating taxable income:</i>		
Share Based Payments	22,070	55,782
License Amortisation	-	151,980
Other	(55,947)	16,165
Less: Recognition of losses	4,473	-
Less: Prior year adjustment	(8,530)	-
Less: Income tax (credit)/expense not recognised	-	(439,141)
Less: Impairment on deferred tax assets	(885,353)	-
Income tax expense reported in the statement of profit or loss and other comprehensive income	874,785	-
*Reconciliation of deferred tax balances		
Opening balance at the beginning of the reporting period	1,327,239	150,429
Transfer to tax benefit	10,568	-
Impairment on deferred tax assets	(885,353)	-
Closing balance at the end of the reporting period	452,454	150,429
Deferred tax assets and liabilities not recognised		
Tax loss	12,007,944	12,663,643
Capital loss	74,347	74,348
Net deferred tax asset not recognised	12,082,292	12,737,991

As at 31 December 2025, the Group recognised an income tax benefit of \$10,568 arising from the half-year financial results. The Group has been required to recognise an impairment of \$885,353 against its deferred tax assets, based on an assessment that the Group may not generate sufficient future economic benefits to utilise these assets. Consequently, the Group reduced its deferred tax assets (DTA) by \$874,785.

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2025

NOTE 11

Lease Liability

	31-Dec-25	30-Jun-25
	\$	\$
Current		
Lease liability	1,361,999	690,587
Unexpired interest	(286,738)	(137,125)
Total Current Lease Liability	1,075,261	553,462
Non-current		
Lease liability	4,052,884	1,832,479
Unexpired interest	(424,959)	(183,373)
Total Non-Current Lease Liability	3,627,925	1,649,106

The increase of Lease Liability reflects the completion of nine Protective Cropping Enclosures (PCEs) in June 2025, with \$2.78 million funded by NAB under Asset Financing Facilities during this reporting period.

NOTE 12

Issued Capital

	Number of shares	\$
Issued and fully paid ordinary shares at 1 July 2025	1,296,049,567	36,667,054
Shares issued during the period	300,000,000	1,950,000
Transaction costs (net of tax)	-	(122,000)
Options granted to Lead Manager	-	(44,471)
Issued and fully paid ordinary shares at 31 December 2025	1,596,049,567	38,450,583

All issued shares are ordinary shares with no par value. Ordinary shares carry one vote per share and entitle the holder to participate in dividends and the proceeds on winding up of the entity in proportion to the number of shares held.

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2025

NOTE 13

Related-Parties Transactions

	31-Dec-25 \$	31-Dec-24 \$
The following transactions occurred with related parties:		
ARQ Capital Pty Ltd (i)	20,160	20,070
Bushwood Nominees Pty Ltd(ii)	44,800	40,419
Mirador Corporate Pty Ltd(iii)	39,638	39,638
Pharmout(iv)	41,343	36,088
Qiksolve Pty Ltd(v)	53,735	20,496
Nan-Maree Schoerie(vi)	24,260	12,109
Total	223,936	168,820

- (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 Group, 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 was 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 9: SHARE BASED PAYMENT AND RESERVE.

NOTE 14

Commitments and Contingencies

At the end of the reporting period, the Group has committed approximately \$549,000 (30 June 2025: \$4.37 million) capital works on New Vaults at Building 4 and Rosin Extraction Equipment.

	Committed Capital Expenditure \$	Actual Expenditure at 31 December 2025 \$	Balance remaining for completion \$
New Vaults	399,000	306,097	73,903
Rosin Extraction Equipment	150,000	138,174	11,826
Total	549,000	444,271	85,729

The Group does not have any contingent liabilities as at 31 December 2025 (30 June 2025: \$nil).

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2025

NOTE 15

Events After the End of the Period

The Group issued 10,000,000 performance rights under an employee incentive scheme for Mr. Nicholas Thomas, effective from 20 January 2026. The Rights are expiring on 01 November 2028.

On 29 January 2026, the Group announced the quotation of 577,750,836 options expiring on 15 June 2028, as part of a previously disclosed placement.

Director's Declaration

For the Half-Year Ended 31 December 2025

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

1. The financial statements and notes, as set out on pages 15 to 32 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 Group's financial position as at 31 December 2025 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 Group will be able to pay its debts as and when they become due and payable.



Nan-Maree Schoerie

Managing Director

27 February 2026

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 2025 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 2025,
- the consolidated statement of profit or loss and other comprehensive 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.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of \$833,562. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.


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 2025 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, 27 February 2026