

11 July 2019

Ecofibre Limited

June 2019 Quarterly Update and Appendix 4C

### Q4 FY19 HIGHLIGHTS

- \$12.3m revenue
- +\$3.2m cash from operating activities
- Updating full year guidance

Ecofibre Limited (EOF, Ecofibre or the Company) (ASX:EOF) provides its Appendix 4C Quarterly Report for the three months ended 30 June 2019, together with a brief update on the Company's trading performance.

### FY19 Revenue Growth

Unaudited revenue for Q4 FY19 was \$12.3m:

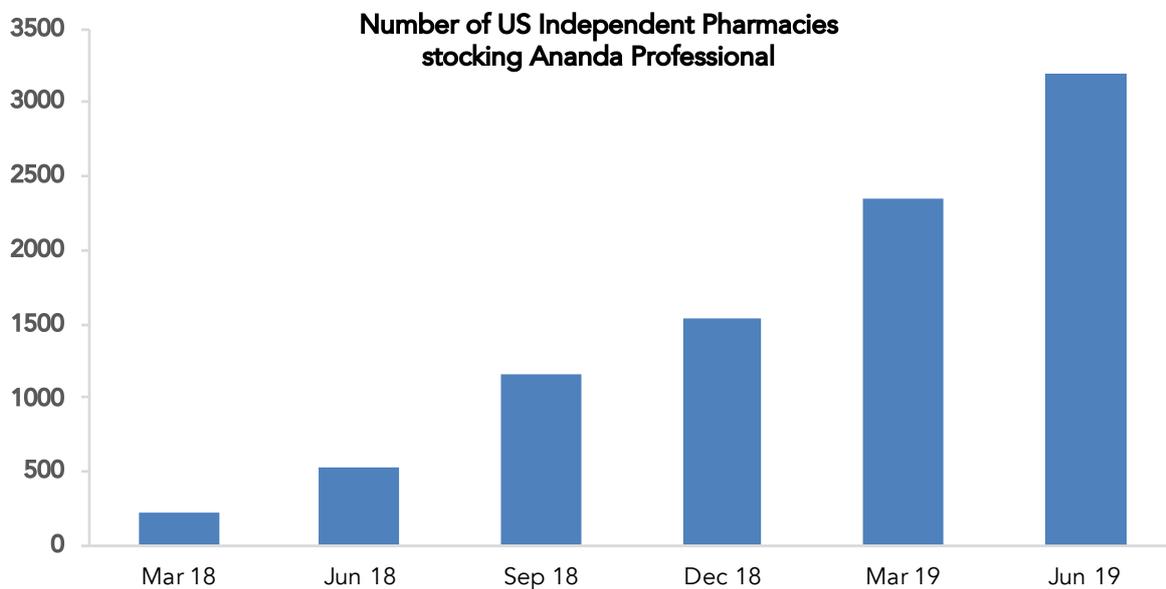
- Q4 FY19 \$12.3m (prior quarter \$10.0m) - up 23%
- H2 FY19 \$22.3m (prior half \$13.3m) - up 68%
- FY19 \$35.6m (prior year \$5.7m) - up 525%

CEO Eric Wang stated, "This result was primarily driven by growth in the independent pharmacy segment. Ananda Professional products are sold in over 3,200 US retail pharmacies, an increase of more than 200% in the six months (1,500 as at December 2018)"

"Ecofibre's US Nutraceuticals business, Ananda Health, launched the Ananda Professional brand for the independent pharmacy market in February 2018. According to industry sales data<sup>1</sup> Ananda Professional is the most widely used CBD brand by US Retail Pharmacies."

The continued growth of Ananda Health's pharmacy business is illustrated in the graph below.





#### Appendix 4C Discussion

The Company's cash position improved by \$1.3m during Q4, from \$24.4m to \$25.7m (unaudited).

- Cashflows from **operating** activities (+\$3.2m) included:
  - Receipts from customers in line with revenue (+\$12.3m); and
  - Seasonal payments to Australian growers for Ananda Food (-\$1.4m), as highlighted last quarter. The business has over 750 tonnes of hemp seed for food, which allows Ananda Food to supply national and regional grocery outlets in FY20.
- Cashflows from **investing** activities (-\$0.9m) included the cost of preparatory works for the construction of Ecofibre's new US Headquarters, which will accommodate our Hemp Black production capabilities and support growth in Ananda Health operations. Significant investment in the building commenced in Q1 FY20, and subject to weather, completion is expected Q4 FY20.
- Cashflows from **financing** activities (-\$0.9m) included the re-payment of a long term loan and remaining IPO costs. The Company remains well capitalised following its initial public offering.





### Updated FY19 Full Year Guidance

Ecofibre is currently finalising its FY19 financial statements and will announce its results on 29 July 2019.

The Company expects to deliver a profit before tax of approximately \$4.5m (unaudited).

### Investor Relations and Media please contact:

investor-relations@ecofibre.com

### About Ecofibre

Ecofibre is a provider of hemp products in the United States and Australia.

In the United States, the Company produces nutraceutical products for human and pet consumption, as well as topical creams and salves. See [www.anandahemp.com](http://www.anandahemp.com) and [www.anandaprofessional.com](http://www.anandaprofessional.com).

In Australia, the Company produces 100% Australian grown and processed hemp food products including protein powders, de-hulled hemp seed and hemp oil. See [www.anandafood.com](http://www.anandafood.com).

The Company is also developing innovative hemp-based products in textiles and composite materials in partnership with Thomas Jefferson University (TJU) in the United States. See [www.hempblack.com](http://www.hempblack.com).

The Company owns or controls key parts of the value chain in each business, from breeding, growing and production to sales and marketing. Our value proposition to customers is built on strong brands and quality products.



## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Ecofibre Limited

**ABN**

27 140 245 263

**Quarter ended ("current quarter")**

30 June 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	12,304	33,835
1.2 Payments for		
(a) research and development	(43)	(1,701)
<i>Thomas Jefferson University (TJU)</i>	-	(1,588)
<i>Other</i>	(43)	(113)
(b) product manufacturing and operating costs	(4,573)	(15,141)
<i>Grower payments, Ananda Health</i>	(919)	(3,678)
<i>Grower payments, Ananda Food</i>	(1,438)	(2,057)
<i>Production costs</i>	(2,216)	(9,406)
(c) advertising and marketing	(476)	(1,501)
(d) leased assets	(170)	(630)
(e) staff costs	(2,405)	(8,084)
(f) administration and corporate costs	(1,206)	(4,953)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	89	111
1.5 Interest and other costs of finance paid	(121)	(493)
1.6 Income taxes paid	(215)	(482)
1.7 Government grants and tax incentives	-	1,476
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>3,184</b>	<b>2,437</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1,559)	(4,833)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property – TJU patents	-	(340)
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	189	238
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	440	248
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(930)</b>	<b>(4,687)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	25,507
<i>Initial Public Offering</i>	-	20,000
<i>Other</i>	-	5,507
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	1,816
3.4 Transaction costs related to issues of shares, convertible notes or options	(325)	(1,040)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(601)	(1,173)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(926)</b>	<b>25,110</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	24,405	2,756
4.2	Net cash from / (used in) operating activities (item 1.9 above)	3,184	2,437
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(930)	(4,687)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(926)	25,110
4.5	Effect of movement in exchange rates on cash held	7	124
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>25,740</b>	<b>25,740</b>

<b>5. Reconciliation of cash and cash equivalents</b>		<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts			
5.1	Bank balances	2,305	4,303
5.2	Call deposits	859	509
5.3	Bank overdrafts	-	-
5.4	Other (term deposits, credit card balances)	22,576	19,593
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>25,740</b>	<b>24,405</b>

<b>6. Payments to directors of the entity and their associates</b>		<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	128
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Directors' salaries and fees, excludes GST where applicable.

7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	1,321	1,321
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

**8.3 Other**

Represents the convertible loan payable to Lambert Superannuation Fund (a related party of a Director)

The terms of the convertible loan are as follows:

*Agreement date:* 7 January 2017

*Interest rate:* 7.5% per annum (fixed)

*Repayment term:* 4 years from the agreement date.

*Conversion right:* The lender has the right but not the obligation to convert part or the whole of the loan into ordinary shares in Ecofibre Limited at \$0.257 per share

<b>9.</b>	<b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1	Research and development	(47)
9.2	Product manufacturing and operating costs	(4,823)
	<i>Grower payments, Ananda Health</i>	(1,858)
	<i>Grower payments, Ananda Food</i>	(600)
	<i>Production costs</i>	(2,365)
9.3	Advertising and marketing	(513)
9.4	Leased assets	(201)
9.5	Staff costs	(2,899)
9.6	Administration and corporate costs	(1,238)
9.7	Other (income taxes)	(200)
	Capital Expenditure - mainly new US headquarters	(5,836)
	Loan Repayment	
<b>9.8</b>	<b>Total estimated cash outflows</b>	<b>(15,757)</b>

<b>10.</b>	<b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
10.1	Name of entity	-	-
10.2	Place of incorporation or registration	-	-
10.3	Consideration for acquisition or disposal	-	-
10.4	Total net assets	-	-
10.5	Nature of business	-	-

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .....  
CFO/ Company Secretary

Date: 11 July 2019

Print name: Jonathan Brown

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.