

31 July 2023

## Hemp Black and Under Armour agree to enter supply relationship

### HIGHLIGHTS

- Intent to enter 3-year supply relationship with Under Armour
  - will cover supply of yarn for apparel use
  - AUD 9.0m annual revenue expected at full production
  - equipment commissioning expected by early 2Q24
  - acquisition of specialty equipment from Under Armour
  - 2<sup>nd</sup> machine expected to be acquired to meet requirements within 12-18 months
- Other Hemp Black developments
  - manufacturing agreement with sustainable packaging company Cruz Foam
  - Biomedical sales temporarily slowed for six months as customer reduces inventory to pre-COVID levels
  - Continued progress with /eco6 bio-based plastics
- Continuing to transform Ecofibre's business
  - Hemp Black EBITDA breakeven in 2H23 and profitable in FY24

Ecofibre Limited (Ecofibre, Company) (ASX:EOF) provides an update on a new material customer supply relationship and additional contracts for Hemp Black.

### Under Armour supply relationship

Ecofibre's speciality manufacturing division, Hemp Black, has agreed a Memorandum of Understanding (MOU) with Under Armour Inc (Under Armour) to supply a specialty yarn for apparel use.

CEO Eric Wang said, "When Ecofibre announced our strategic review earlier this year, we advised that one of the key opportunities for Hemp Black would be to secure new performance yarn clients. The outstanding technical capabilities of the team enable us to work with tier-1 clients on large-scale opportunities."

The key terms of the MOU with Under Armour are summarised below:

- *Parties:* Hemp Black Inc and Under Armour Inc
- *Initial term of supply agreement:* 3 years
- *Expected annual revenue per machine at full production:* cAUD9.0m
- *Manufacturing equipment:* purchased by Hemp Black and financed by Under Armour, cost approximately USD\$4.5m

### **Cruz Foam manufacturing agreement**

Hemp Black has entered an Agreement with Cruz Foam to manufacture a sustainable, bio-degradable packaging material for its customers.

Hemp Black will operate the full production line for these products. For further details on Cruz Foam and its products, see [www.cruzfoam.com](http://www.cruzfoam.com).

The key terms of the Agreement are summarised below:

- *Parties:* Hemp Black Inc and Cruz Foam
- *Initial term:* 3 years
- *Services:* manufacture of Cruz Cool, Cruz Chill, and Cruz Wrap
- *Estimated annual revenue at full production:* AUD3m
- *Manufacturing equipment and product materials:* supplied by Cruz Foam
- *The production line, provided by Cruz Foam, will be operational by early 2Q24*

Hemp Black President Jeff Bruner said, "We are excited to work with an innovative company like Cruz Foam, whose patented technologies will help revolutionise sustainable packaging in the United States. Both our businesses are committed to delivering sustainable product solutions for our customers, and we look forward to supporting Cruz Foam as its business expands."

### **Biomedical yarn business**

Hemp Black's biomedical business has continued to perform strongly in 2H23.

Intervascular has advised us that volumes for the six months of 1H24 will be very low as they have decided to reduce inventory levels due to greater supply chain certainty that now exists.

Normal production volumes and revenues are expected for 2H24.

**/eco6 bio-based plastics**

The business continues to work on business development opportunities in its polymer compounding business that uses bio-based materials, including its patented /eco6 carbon. The Company will keep the market informed with developments in line with Continuous Disclosure requirements.

**Ongoing Business Transformation**

Hemp Black's 2H23 revenue is expected to be c.25% higher than 1H23. The new contracts allow Hemp Black to be profitable in FY24 and to deliver further growth in FY25 and beyond.

In addition to revenue growth, Hemp Black continues to focus on managing cash and investment needs by utilising existing resources where possible and financing or sourcing new equipment directly with customers.

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**About Under Armour Inc.**

Under Armour, Inc., headquartered in Baltimore, Maryland, is a leading inventor, marketer, and distributor of branded athletic performance apparel, footwear, and accessories. Designed to empower human performance, Under Armour's innovative products and experiences are engineered to make athletes better. For further information, please visit <http://about.underarmour.com>.

**About Cruz Foam**

[Cruz Foam](#) is a circular materials company that produces regenerative, earth-digestible protective packaging foam and other eco-friendly solutions that offer a sustainable alternative to petroleum-based products. Cruz Foam's patented products are circular in nature, using biopolymers found in nature to create a compostable material using the existing supply chain and at a similar cost. Cruz Foam currently works with consumer-packaged goods, electronics, appliance, and durable goods companies. Cruz Foam is a mission-driven company creating impact at scale by empowering industry leaders to be the catalyst for a cleaner environment. Cruz Foam is headquartered in Santa Cruz, California.

**About Ecofibre**

Ecofibre is a diversified industrial hemp company in the United States and Australia.

We operate three vertically integrated businesses focused on growth in natural health care, plant-based foods, and sustainable product solutions.

Ananda Food owns one of the world's largest collections of hemp seed genetics. It is a leading, low-cost manufacturer of high quality hemp food products in Australia, including oil, seed, and proteins. See [anandafood.com](http://anandafood.com).

Ananda Health is a leading US manufacturer of hemp-based nutraceuticals for the professional market. We produce CBD products for human and pet consumption and topical health and beauty products. Our focus on high-quality, efficacious, and safe products is supported by a commitment to clinical research in Australia and the USA, focused on conditions including sleep, pain, anxiety, endometriosis, and gynecological diseases. See [anandaprofessional.com](http://anandaprofessional.com). Ananda Hemp provides Australians with medicinal cannabis products as part of the SAS-B program. Ananda Hemp offers a range of products manufactured at our US facility under the S4 and S8 categories. See [anandahemp.com.au](http://anandahemp.com.au).

Hemp Black is an industrial business focused on textiles and bioplastics, with specialist capabilities in yarn extrusion, knitting, and polymer compounding. We use innovative hemp-based composite technology to help de-carbonise consumer products and supply chains for various industries. See [hempblack.com](http://hempblack.com).

**Authorisation**

This document is authorised to be given to the Australian Securities Exchange (ASX) by the Board of the Company.