

31 January 2025

Ecofibre Limited - 2Q25 Update and 4C Report

HIGHLIGHTS*

- Total cash \$3.9m at 31 December 2024
 - Comprises \$3.1m group funds and \$0.8m EOF-Bio
 - Committed capital expenditure to complete 2nd turf line, EUR0.6m
- 2Q25 operating cash outflow \$3.9m, excluding EOF-Bio cash outflow of \$0.7m
 - Includes \$1.7m litigation and restructuring costs
 - Includes \$0.4m interest expense
- Completed a number of initiatives to reduce debt and de-risk balance sheet
 - Sale and leaseback of properties:
 - 3 US properties sold for US\$9.7m
 - Nubridge loan: USD\$9m repaid, USD\$1m deferred for 3 years
 - Working capital loans:
 - Loeb equipment finance, USD\$3.0m received in December
 - nFusion, USD\$0.5m expected in 3Q25
 - Australian unsecured loans
 - Thiele Trust loan – \$0.5m repaid in January 2025
 - Finalising negotiations to extend term of Thiele and Lambert loans
- Cash Positive Plan progress mixed across businesses and corporate costs remain too high
 - Business unit outcomes in 1H25:
 - EAT EBITDA positive in 2Q25 and 1H25
 - AH EBITDA negative in 2Q25 and 1H25 after a very weak November and December in both US and Australia.
 - Including Corporate costs EBITDA loss \$3.5m - \$4.0m expected
 - Significant further actions underway
 - Prioritise sale of Genetics business and seed inventory
 - Strategic review of Ananda Health underway
 - Corporate restructure to right-size costs

* All numbers un-audited, and denominated in AUD unless otherwise indicated. EBITDA and operating costs normalised and excludes EOF-Bio (separately funded business).

Ecofibre Limited (Ecofibre, Company) (ASX:EOF) provides its Appendix 4C Quarterly Report for the three months ended 31 December 2024 (2Q25) together with an update on the Company's trading performance.

Key Priorities

Ecofibre remains focused on returning the business to positive operating cashflows, reducing financial risk, and delivering on the four key priorities in its Cash Positive Plan:

1. Focus on core businesses
2. Reduce operating costs and debt
3. Deliver ongoing revenue growth in EAT
4. Realise value in EOF-Bio

Debt Restructuring

As announced on 18 and 24 December, the Ecofibre Group completed a number of key initiatives to reduce debt and de-risk its balance sheet in 2Q25.

As a result, total debt reduced from approximately \$34m to \$25m (AUD equivalent).

Sale and leaseback of US properties

Following an extensive marketing process, agreements were concluded for the sale and leaseback of the Group's two properties in Greensboro, North Carolina used in the manufacturing operations of Ecofibre AT, and a further property used as a production facility for Ananda Health in Georgetown, Kentucky.

The total sale price was USD9.7m, with a lease term of 10 years and 3 extension options of 5 years.

The sale and leaseback of these properties enabled the repayment of USD9.0m to secured lender Nubridge Commercial Lending LLC. The remaining USD1.0m owed to the lender was converted to an unsecured loan repayable by 12 December 2027. Interest on the loan accrues at 12% and is also repayable at the end of the loan term.

- *Working capital facilities*

The Group signed agreements with two lenders to provide working capital loans.

A USD3.0m, three-year equipment loan was funded by Loeb Term Solutions LLC, collateralized by machinery and equipment at Ecofibre AT's Greensboro and Georgetown manufacturing facilities.

In addition, a three-year working capital facility was established with nFusion Capital Finance LLC collateralized principally by the accounts receivable and inventory of Ecofibre AT. Current levels of assets are expected to support a loan of approximately USD0.5m in 3Q25.

After the end of the quarter, the Group repaid \$0.5m of its loan to the James & Cordelia Thiele Trust Fund (Thiele) in January 2025.

The Company is currently finalising negotiations with Thiele and the Lambert Superannuation Fund (Lambert) to extend the term of remaining principal repayments.

Further Steps Taken

As discussed below, the trading performance of the Group is mixed. Whilst EAT is performing much better and continues to strengthen, management, with Board support, are undertaking additional steps in three areas:

1. Sell Ecofibre Genetics

The Company is now in active discussions for the sale of its 100% interest in the Ecofibre Genetics business.

As previously advised, this business has been under review, and following completion of the most recent harvest in North Queensland the Board will proceed to sell the business.

2. Consider strategic options for Ananda Health

As set out below, the trading performance of Ananda Health in 2Q25 deteriorated significantly in November and December, in both the US and Australian CBD market. This unexpected result, given the prior 3 quarters breakeven of positive EBITDA results, has triggered a deeper strategic review of all options to increase the business' scale and utilisation of its manufacturing capacity, office space and other capabilities.

3. Corporate restructure to right-size costs

The Company continues to reduce day-to-day corporate overheads, notwithstanding non-operational litigation and restructuring costs. These continuous cost reduction efforts are insufficient to right size Ecofibre's Corporate costs. In 2H25 we will make the necessary structural changes to support a cash positive business, including recentering the business in the USA. Once we complete our analysis of options we will update the market.

As part of initiatives to reduce cash costs, note that for the 3 years to December 2024 the non-executive directors have accepted lower cash fees in lieu of shares options that did not vest. The directors have agreed to continue receiving the lower level of cash

fees until trading performance improves and a new equity incentive arrangement can be proposed to shareholders.

2Q25 Trading Update

Unaudited revenue for 2Q25 was \$6.0m reflecting mixed results with EAT growing revenues, AH experiencing significant revenue weakness and Ecofibre genetics expecting current seed crop sales to fall into the 3Q. Overall, revenues were down 12% on the prior quarter and down 16% on the prior corresponding period (pcp).

Ecofibre Advanced Technologies (AT) – 2Q25 revenue \$4.2m (1Q25: \$4.0m; 2Q24: \$3.7m).

Revenue was \$0.2m higher than the prior quarter, reflecting higher sales of NEOLAST™ yarn (+\$0.5m) offset by lower sales of turf yarn (-\$0.3m) and Biomedical yarn (-0.1m).

During the quarter Ecofibre AT continued to accelerate commercial sales of NEOLAST™ yarn to Under Armour and its knitting mills. A number of trials are also underway to support new product variations and to increase line speed.

As previously announced by the Company, preparations for the second turf yarn line have been paused pending a sustainable increase in demand for yarn from its existing production line. Installation of the yarn extruder for the second line was completed in mid-July 2024, and shipment of yarn winders and texturisers has been deferred. Remaining payments for this machinery total EURO.6m.

In addition to Ecofibre AT's two existing turf customers, the business continues to work with other potential customers in the United States.

In the Biomedical business, following positive on-site customer meetings in Europe in 2Q25, Ecofibre AT expects to commence formal negotiations this quarter with Intervascular SAS to extend the term of its contract with this important customer.

Ananda Health – 2Q25 revenue \$1.8m (1Q25: \$2.5m; 2Q24: \$2.4m).

Ananda Health's cost base remained flat during the quarter, with lower revenues caused by ongoing difficult trading conditions in Australia and within the US Independent Pharmacy channel leading to negative quarterly EBITDA for the first time in calendar 2024.

Ananda Health continued focusing on new channels and developing new products to address CBD trends and wellness initiatives for the US market. This included the launch of a new brand, Ananda Wellness, in December featuring a range of GLP-1 supplements designed for traditional retail channels (brick and mortar and digital) and priced for traditional distribution.

For the first time, Ananda Health is now able to advertise on social media and traditional ecommerce platforms to drive revenues, and initial advertising campaigns are beginning in January 2025. The products are now available at www.MyAnandaWellness.com, Walmart.com, and Amazon.com.

Ecofibre Genetics – 2Q25 revenue \$0m (1Q25: \$0.3m; 2Q24: \$0.6m)

During the quarter Ecofibre Genetics completed the harvest of fibre seed crops in North Queensland, and appointed Apex Genetics LLC as a broker to sell seed to customers in the USA and Australia.

Corporate

Restructuring and litigation costs continue to place a high burden on Group cashflow, and totalled \$1.7m in 2Q25.

Interest costs across the portfolio remain significant following the debt restructuring, and the Group will also now pay rental costs on its three premises. These will be charged directly to business units where appropriate. Interest and rent costs are expected to be ~AUD5.4m p.a.

EOF-Bio – 2Q25 operating cash outflows \$0.7m

Our investment in EOF-Bio continues to focus on the development of a next generation of patient-centred botanical drugs that deliver improved health outcomes and enhanced qualities of life for women. The near-term business priority is to secure external funding in order to initiate a Phase 2 clinical trial for Endometriosis Associated Pain (EAP).

Appendix 4C Cash Flow Discussion

As at 31 December 2024 the Company's cash balance was \$3.9m (30 September 2024: \$3.8m), which included \$0.8m held by EOF-Bio.

As previously advised, accounting standards require EOF-Bio to be 100% consolidated into Ecofibre's financial statements, less one-line adjustments to recognise the value of external investor interests in net assets and profit or loss.

Cash amounts shown in Ecofibre's Appendix 4C cashflow report therefore include 100% of capital raised and expenses incurred in relation to EOF-Bio. The following table provides separate disclosure of the cash balances and movements for EOF-Bio.

2Q25 Cash Summary (AU\$m)	Ecofibre A.T Ananda Health Ecofibre Genetics Corporate	EOF Bio	Total
Opening Cash	2.4	1.4	3.8
Operating cash inflows (outflows)	(3.9)	(0.7)	(4.6)
Investing cash inflows (outflows)	14.2	-	14.2
Financing cash inflows (outflows)	(9.6)	-	(9.6)
FX	-	0.1	0.1
Closing Cash	3.1	0.8	3.9

Overall:

- Cash outflow from **operating** activities in the quarter was \$4.6m (\$3.9m excluding EOF-Bio)
Operating cashflows included the impact of timing differences on collection of debtors in the quarter (cash receipts from customers were \$6.4m, \$0.4m higher than revenues of \$6.0m), -\$0.4m cash interest costs, and the cash impact of legal and professional costs associated with litigation and restructuring (-\$1.7m).
- Cash inflows from **investing** activities totalled \$14.2m in the quarter, comprising proceeds from disposal of property assets +\$15.2m, net of capital expenditure (-\$1.0m).
- Cash outflows from **financing** activities totalled \$9.6m in the quarter, comprising repayment of borrowings to Nubridge (-\$14.2m), proceeds from borrowings from Loeb +\$4.9m, less lender transaction costs on borrowings (-\$0.1m) and payment for principal portion of lease interests (-\$0.2m).

In accordance with Listing Rule 4.7C.3, and as noted in Item 6 of the Appendix 4C Cashflow Statement, payments to related parties and their associates totalled \$185,000 during the quarter for directors' salaries and fees.

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About Ecofibre

Ecofibre owns a portfolio of high-quality advanced manufacturing and technology businesses in the United States and Australia. We operate three vertically integrated businesses focused on sustainable polymers and natural materials, natural health care, and hemp seed genetics. In addition, we own a majority interest in a life sciences business that is developing treatments for malignant and non-malignant gynaecological conditions.

Ecofibre Advanced Technologies (formerly known as Hemp Black) is an advanced manufacturing business with specialist capabilities in performance yarn extrusion, polymer compounding, and sustainable materials.

Ananda Health is a leading US manufacturer of cannabinoid-based health products for human and pet consumption. Our focus is on providing high-quality, research-backed products in Australia and the USA, targeting conditions including sleep, anxiety, aches and discomfort, and gynaecological conditions. See anadaprofessional.com and anandahemp.com.au.

Ecofibre Genetics owns one of the world's largest collections of hemp seed genetics and is a leading supplier of seed genetics to the hemp fibre and grain industry in the US and Australia.

EOF Bio Inc. is a majority-owned, US-based clinical-stage biotechnology company focused on a new generation of patient-centred cannabinoid-based drugs that improve health outcomes and enhance quality of life, starting with women's health and endometriosis. Spun out of Ecofibre in July 2023 it is focused on commercialising an expanding estate of issued patents.

Authorisation

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

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Ecofibre Limited

ABN

27 140 245 263

Quarter ended ("current quarter")

31 December 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	6,397	13,582
1.2 Payments for		
(a) research and development	(127)	(314)
(b) product manufacturing and operating costs	(3,618)	(6,946)
<i>Grower payments</i>	(975)	(1,182)
<i>Production costs</i>	(2,643)	(5,764)
(c) advertising and marketing	(189)	(226)
(d) leased assets	(62)	(135)
(e) staff costs	(2,612)	(5,300)
(f) administration and corporate costs	(3,938)	(6,787)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	8	26
1.5 Interest and other costs of finance paid	(413)	(1,141)
1.6 Income taxes	(54)	(49)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(4,608)	(7,290)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(1,068)	(1,231)
(d) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	15,291	15,293
(d) investments	-	-
(e) intellectual property	-	-
(f) 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)	(8)	(6)
2.6 Net cash from / (used in) investing activities	14,215	14,056

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	4,911	4,911
3.6 Repayment of borrowings	(14,210)	(14,210)
3.7 Transaction costs related to loans and borrowings	(101)	(101)
3.8 Dividends paid	-	-
3.9 Other (payment for principal portion of lease liabilities)	(231)	(231)
3.10 Net cash from / (used in) financing activities	(9,631)	(9,631)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	3,751	6,737
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(4,608)	(7,290)

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	14,215	14,056
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(9,631)	(9,631)
4.5	Effect of movement in exchange rates on cash held	185	40
4.6	Cash and cash equivalents at end of period	3,912	3,912

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,626	3,488
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Nubridge impound, term deposits and credit card clearing accounts)	286	263
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,912	3,751

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	185
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	32,018	23,994
7.2 Credit standby arrangements	-	-
7.3 Other	-	-
7.4 Total financing facilities *	32,018	23,994
7.5 Unused financing facilities available at quarter end *		-
<p>* Difference relates to the nFusion loan facility that was undrawn as at 31 December 2024. The Group is only able to draw on this facility in proportion to the value of accounts receivable and inventory approved as collateral by the lender, so for the purposes of this report the unused financing facility is shown as \$Nil.</p>		
<p>7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>Lender: James & Cordelia Thiele Trust Fund (summary below reflects updated agreement in January 2025)</p> <ul style="list-style-type: none"> • Principal amount: AUD 6.5m • Date of original loan: June 2020 • Principal repayment: \$1m repayable on 1 January 2025 and \$6m repayable on 15 July 2025 • Interest rate: 14% p.a • Lender costs payable: nil • Security / collateral: nil • Financial covenants: nil <p>Lender: Lambert Superannuation Fund (summary below reflects updated agreement in January 2025)</p> <ul style="list-style-type: none"> • Principal amount: AUD 3.5m • Date of original loan: March 2022 • Principal repayment: 15 July 2025 • Interest rate: 10.0% p.a • Lender costs payable: nil • Security / collateral: nil • Financial covenants: nil <p>Lender: Nubridge Commercial Lending LLC</p> <ul style="list-style-type: none"> • Principal amount: USD 1.0m • Date of original loan: June 2022 • Principal repayment: 12 December 2027 • Interest rate: 12% p.a (to be capitalised as part of loan balance until maturity) • Security / collateral: nil • Financial covenants: nil 		

Lender: Loeb Term Solutions LLC

- Principal amount: USD 3.0m
- Date of original loan agreement: 19 December 2024
- Principal repayment: amortises over 3 year term to 18 December 2027
- Interest rate: Prime rate + 7% p.a
- Security / collateral: machinery and equipment at Ecofibre Advanced Technologies Inc's Greensboro and Georgetown manufacturing facilities. The lender has also executed an Intercreditor Agreement with cross-collateral and cross-default provisions with nFusion Capital Finance LLC.
- Financial covenants: nil

Lender: nFusion Capital Finance LLC

- Credit limit: USD 5.0m, subject to fluctuating collateral value. Estimated initial funding c\$0.5m.
- Date of original loan agreement: 19 December 2024
- Principal repayment: 18 December 2027
- Interest rate: Prime rate (minimum 7.25%) + 4% p.a
- Security / collateral: accounts receivable and inventory of Ecofibre Advanced Technologies Inc and Ananda Hemp Inc. The lender has also executed an Intercreditor Agreement with cross-collateral and cross-default provisions with Loeb Term Solutions LLC.
- Financial covenants: nil

Lender: Under Armour

- Principal amount: USD 4.3m
- Effective date of loan: 1 January 2025
- Principal repayment: amortises monthly over 32 months, the timing and quantum of loan repayments are dependent on production volumes and the collection of sales revenue.
- Interest rate: 12% p.a interest
- Security / collateral: NEOLAST yarn manufacturing equipment
- Financial covenants: nil

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(4,608)
8.2 Cash and cash equivalents at quarter end (item 4.6)	3,912
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	3,912
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.8
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
<p>No. The Company's cash positive plan is targeting ongoing improvements in underlying cashflows, including from the recent commencement of full operation of the NEOLAST™ yarn production line. Material uncertainties in future operating cashflows also exist, including litigation and restructuring costs, availability of additional financing, timing and execution risks in key initiatives such as selling Ecofibre's genetics business and seed inventory, and the success of initiatives to improve capacity utilisation in EAT's turf yarn business and promote sales of GLP-1 products in Ananda Health.</p>	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
<p>Yes. Following completion of key debt financing and restructuring activities in December 2024, the Company has continued to work in January 2025 to restructure existing unsecured loans and secure initial funding under the working capital facility with nFusion, to provide working capital to fund the group's ongoing operation and investments. Completion of the sale of Ecofibre Genetics and surplus inventory in 3Q25 will also be important, and the Directors believe that these initiatives have reasonable prospects of success.</p>	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
<p>Yes, based on the successful outcome of the initiatives listed in 8.6.1 and 8.6.2.</p>	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

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.

31 January 2025

Date:

By the Board

Authorised by:
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.