



ECOFIBRE

FY24 Half Year Financial Statements

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AGENDA, 1H24 RESULTS

Item

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Overview

Vanessa Wallace

Results

Jonathan Brown

Summary and
Q&A

Vanessa Wallace



1H24 OVERVIEW

- Revenue impacts
 - Temporary biomedical yarn client destocking
 - Ananda Health CBD trading
 - Food discontinuing
- Cost reductions include
 - Lower staff costs, R&D, legal & compliance, depreciation
 - EOF Bio separately funded
- Cash \$2m at Half Year
- Cash \$9.7m at 31 January

Revenue
down 18%
\$15.6m to
\$12.7m

Operating Costs
improved 34%
\$19.1m to
\$12.6m

Cash
down from
\$7.3m to
\$2.0m

EBITDA
up 42%
-\$8.6m to
-\$5.0m

Impairments 1H24
total
\$38.7m

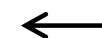
Headline NPAT
down 159%
-\$17.6m to
-\$45.7m

- Normalised EBITDA improving
 - Ananda Health -\$3.3m to -\$1.0m
 - Hemp Black -\$1.6m to -\$1.2m
 - Food -\$0.7m to -\$0.4m
 - Seed \$0.3 to \$0.0
- Impairments include
 - Hemp Black Goodwill
 - Georgetown property
 - Pyrolysis machine
- Headline result
 - Trading losses
 - Impairments
 - EOF-Bio self-funded
 - FX
 - One-off credit on share rights

All comparisons 1H23 to 1H24. Results on this slide normalised to show underlying trading performance unless otherwise noted.

OPERATING MOMENTUM IMPROVING IN CORE BUSINESS UNITS – MORE TO DO

Normalised EBITDA (\$m)
1H23 to 1H24



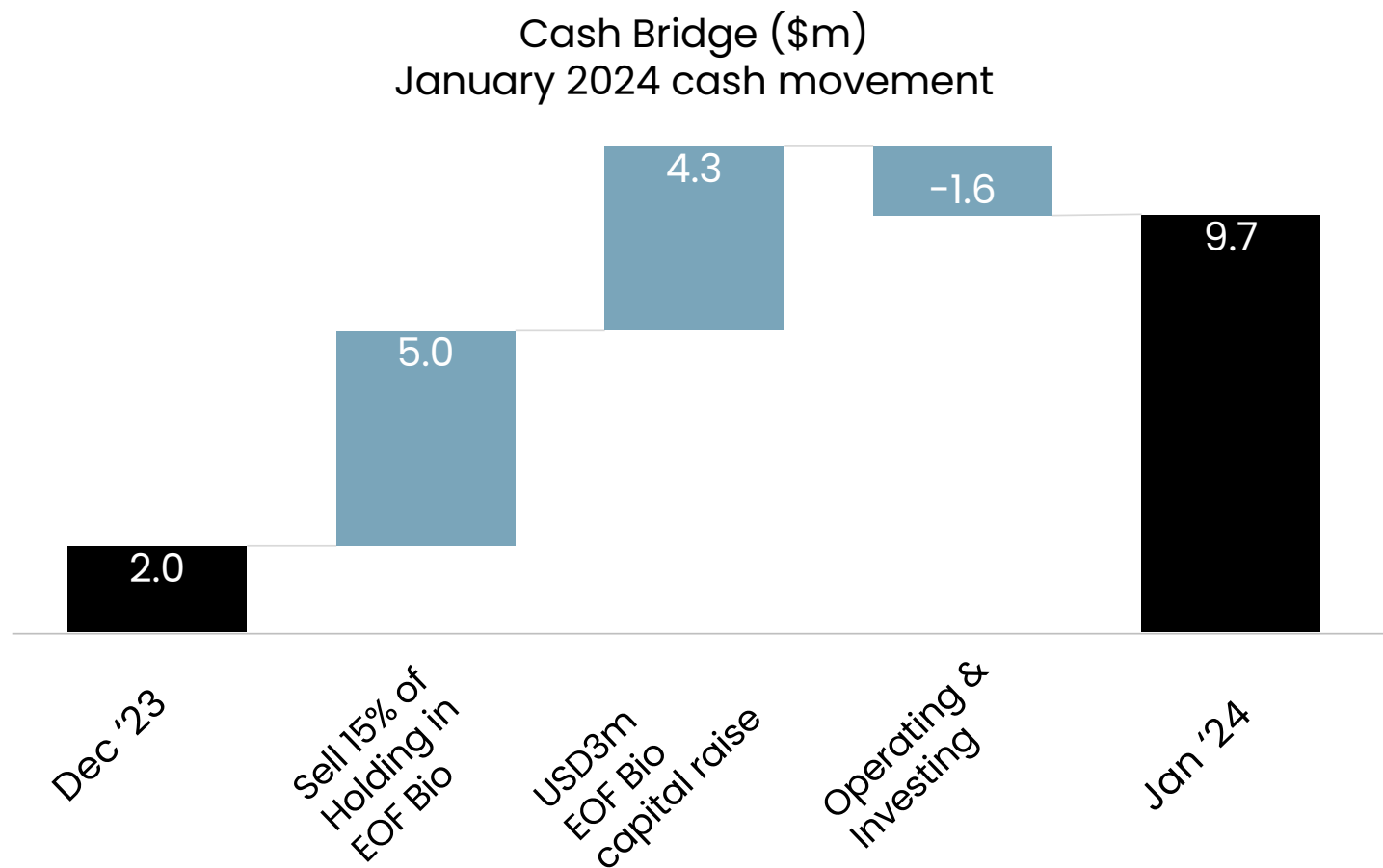
- \$5.0m Normalised EBITDA loss in 1H24 also includes \$1.3m EBITDA impact from temporary destocking by medical yarn client.
- Normal production restarted in January 2024, as scheduled
- Excluding this impact, the EBITDA loss would've been \$3.7m

Note: See Appendix for further summary of normalization items

FOUR KEY PRIORITIES OUTLINED AT NOVEMBER 2023 AGM – THE CASH POSITIVE PLAN

	2H23	1H24	2H24
1 Focus on core businesses	Exit apparel, 3D knitting & plant science	Food sold. Properties, genetics, pyrolysis machine on market.	
2 Lower operating costs & debt	27% cost reduction	Further 8% cost reduction	Control costs and retire debt
3 Deliver ongoing revenue growth in Hemp Black	Delivering continued revenue growth Customer pipeline and R&D delivering key new opportunities	Installed equipment for UA production lines, completing knitting trials. Cruz Foam commissioning New turf line ordered	Biomedical resumed Cruz Foam full prod'n UA production
4 Realise value in EOF Bio	EOF Bio established to fund R&D & commercialise IP	Fund raising & Early commercial steps progressed	Key milestones and capital raise

ONGOING FOCUS ON CASH AND DELIVERING THE CASH POSITIVE PLAN



POST 1H24 – ASSET SALES AND EOF-BIO FUNDING

COMPLETED

- Early January 2024: **Partial sale of EOF Bio stake**
 - sold 15% of Ecofibre's interest
 - expect to move to minority position over time
- Late January 2024: **EOF Bio capital raise**
 - Closed second part of Seed round raising USD3m
 - EOF-Bio remains self-funding
- Mid February 2024: **Ananda Food Pty Ltd** conditional sale announced
 - Food and pet products business
 - \$2.0m + \$1.0m earnout
 - completion late March 2024

UNDERWAY

- **Market US properties for sale**
 - sale and leaseback terms to be sought
 - estimated value of portfolio exceeds secured debt facility
- **Monetise non-core assets**
 - hemp genetics
 - pyrolysis machine

POST 1H24 – OTHER OPERATIONAL ACTIONS UNDERWAY

#1: Key Leader Recruitment

- Ecofibre CEO

#2: Ananda Health expanding channels to market for non-CBD product(s)

- GluNOzym in market
- Less regulatory and legal barriers
- B2C – Amazon & other pure play sites
- B2B – Nutraceutical distributors

#3: Ananda Health manufacturing and logistics to 3rd parties

- Gummy manufacturing – 30%+
- Contract manufacturing – CBD and non-CBD products

#4: Ecofibre Advanced Technologies Inc. to replace Hemp Black Inc. as business name

- Align with what we do
- Reduce "hemp" market friction
- Hemp Black™ product brand for ECO⁶ plant-based carbon products

#5: Commercialise & scale technology pipeline

- Disciplined triage of opportunities
- Partners co-pay development
- Seek early scale with global partners
- Increase presence at industry trade shows globally

SUMMARY

- Cash position demanded urgent attention and remains the #1 priority. Solved by;
 - Each Business Unit achieving cash positive status, and
 - Corporate costs fit for purpose
 - Asset sales, where timelines set by debt repayment schedule
 - EOF-Bio remaining self-funding
- CPP is #1 priority for everyone,
 - Business Unit leaders refining their businesses to be commercially stronger
 - Finance backbone operating as active business partners – forecasting and anticipating
 - Business case, Contract and Purchase Order disciplines reinforced
 - Board's involvement remains elevated
 - CEO recruitment in full swing
- Delivering CPP unlocks business potential

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1H24 CONSOLIDATED PROFIT & LOSS

Normalised, A\$m	1H23	2H23	1H24
Revenue	15.6	15.1	12.7
Direct costs	(6.6)	(7.0)	(6.3)
Gross profit	8.9	8.1	6.4
Other income	-	0.2	0.3
Operating expenses	(19.1)	(13.8)	(12.6)
Interest expense	(1.3)	(1.6)	(1.5)
Loss from discontinuing operations	(1.1)	(0.9)	(0.8)
Profit (loss) before income tax	(12.6)	(8.1)	(8.2)
Income tax benefit (cost)	4.1	(2.1)	0.3
NPAT	(8.5)	(10.1)	(7.9)
EBITDA	(8.6)	(4.6)	(5.0)

Comments (1H24 v 1H23)

- 1H24 result normalised for 4 items (see normalisation table in appendix)
 - Impairment expenses (\$38.7m)
 - One-off credit for lapsed employee share scheme interests held by former CEO (\$3.7m)
 - Separately funded EOF Bio expenses (\$2.6m)
 - FX losses (\$0.3m)
- Lower revenue, and lower gross margins (57% to 50%)
 - production of high margin biomedical yarn temporarily paused in 1H24
- 34% reduction in operating expenses
- Discontinuing operations – food & pet products business held for sale, agreement signed Feb '24

1H24 BALANCE SHEET

A\$m	Dec '23	Jun '23
Cash & equivalents	1.8	7.3
Receivables	2.4	2.9
Inventory & biological assets	6.8	9.9
Other current assets	1.1	1.5
Operations & assets held for sale	27.2	-
Total Current Assets	39.4	21.6
Intangible assets	24.8	54.0
Property, Plant & Equipment	9.0	43.1
Total Non-Current Assets	33.8	97.1
Total Assets	73.2	118.7
Term loan	15.7	1.0
Trade & other payables	4.6	5.4
Operations held for sale	1.3	-
Total Current Liabilities	21.6	6.5
Term loans	9.5	25.6
Contingent consideration	11.5	11.5
Other	-	0.5
Total Non-Current Liabilities	21.0	37.6
Total Liabilities	42.6	44.1
Net Assets / Total Equity	30.6	74.6

Comments
Net Assets down \$44.0m as a result of asset impairments (\$38.7m) and 1H24 trading losses.
Current assets
<ul style="list-style-type: none"> Cash \$1.8m (including \$0.1m EOF Bio) + \$0.2m in food business held for sale Inventory & biological assets - \$0.9m inventory impairment in Ananda Health for discontinued products Operations and assets held for sale - food business (\$3.8m) and US buildings (\$23.4m)
Non-current assets
<ul style="list-style-type: none"> Intangible assets - includes \$26.8m goodwill impairment and FX revaluation (\$1.5m)
Current liabilities
<ul style="list-style-type: none"> Term loan \$15.7m - US\$10m secured loan and \$1m unsecured loan due July 2024 Operations held for sale \$1.3m - food business
Non-current liabilities
<ul style="list-style-type: none"> Term loans \$9.5m - unsecured loans repayable July '25 Contingent consideration \$11.5m - cash portion of TexInnovate earnout

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1H24 SEGMENTS

	HEMP BLACK		anandahealth		anandafood		ECOFIBRE Corporate		Seed		ECOFIBRE Consolidated	
Normalised, A\$m	1H24	1H23	1H24	1H23	1H24	1H23	1H24	1H23	1H24	1H23	1H24	1H23
Revenue	7.1	7.7	5.0	6.8	-	-	-	-	0.7	1.1	12.7	15.6
Gross Margin	39%	49%	65%	69%	-	-	-	-	57%	50%	50%	57%
Gross Profit	2.8	3.7	3.2	4.7	-	-	-	-	0.4	0.5	6.4	8.9
Other Income	0.2	-	-	-	-	-	0.1	0.1	-	-	0.3	0.0
Operating Expenses	(5.0)	(6.2)	(4.8)	(9.2)	-	-	(2.5)	(3.5)	(0.4)	(0.2)	(12.6)	(19.1)
Discontinuing	-	-	-	-	(0.8)	(1.1)	-	-	-	-	(0.8)	(1.1)
EBITDA	(1.2)	(1.6)	(1.0)	(3.3)	(0.4)	(0.7)	(2.3)	(3.3)	-	0.3	(5.0)	(8.6)
Investments:												
R&D (inc. in opex.)	0.8	1.0	0.3	2.5	-	-	-	-	-	0.1	1.0	3.5
Capex	2.9	0.7	-	0.3	0.1	0.3	-	-	-	-	2.9	1.0

- Revenue: Biomedical yarn destocking (-\$1.3m EBITDA), partially offset by turf and Cruz growth
- Margins -10%, lower biomedical
- Operating costs -21% due to staff cost, S&M, R&D

- Revenue weaker, initial GlyNOzym sales
- Margins -4% due to higher proportion bulk sales
- Operating costs-48%, due to lower R&D, legal fees and depreciation

- Operations held for sale
- Lacked scale
- Contract for sale executed Feb '24

- \$1m reduction in legal expenses includes lower legal and compliance costs (-\$0.4m) and lower staff costs (-\$0.2m)

- 1H24 result includes cost of settlement of grower claims (\$0.3m)

Normalised result excludes:

- Impairments \$38.7m
- Former CEO ESS credit \$3.7m
- EOF Bio expenses, \$2.6m
- FX expense, \$0.3m

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1H24 CASHFLOW

A\$m *	1H23	2H23	1H24
Opening Cash	7.3	7.4	7.3
Operating	(5.9)	(1.0)	(7.6)
Investing	(1.2)	(0.3)	(2.7)
Financing	6.9	0.7	5.0
FX Movements	0.3	0.6	0.1
Closing Cash	7.4	7.3	2.0

* Total cash, including discontinued operations and EOF Bio.

At 31 December 2023, \$2.0m closing cash comprised

- \$1.8m, including \$0.1m EOF Bio
- \$0.2m in food business held for sale

Comments
<ul style="list-style-type: none"> • Cash increased to \$9.7m as at 31 January 2024 <ul style="list-style-type: none"> – \$5.9m Ecofibre – \$3.8m EOF Bio • 1H24 operating cash outflow \$7.6m, including <ul style="list-style-type: none"> – \$2.0m EOF Bio cash expenses – \$0.8m refund to US growers for damaged planting seed – \$1.3m interest expense – \$0.7m final US government Employee Retention Credit • 1H24 investing cash outflows \$2.7m, including deposits for a second turf yarn line (\$1.3m), equipment commissioning costs, and building modifications for Under Armour and Cruz Foam • 1H24 financing cashflow \$5.0m <ul style="list-style-type: none"> – Proceeds from issue of shares (\$5.3m) less costs of issue (-\$0.4m) – EOF Bio, proceeds from issue of units (\$1.2m) – \$1.0m partial repayment of unsecured loan

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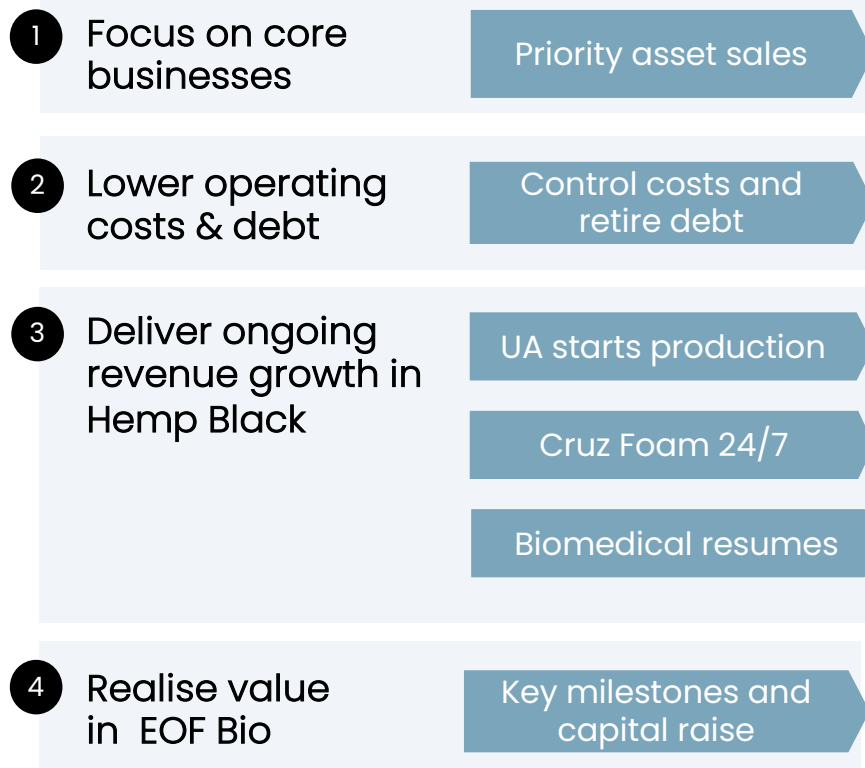
**Summary
& Q&A**

Vanessa Wallace



1H24 NORMALISED EBITDA LOSS IN LINE WITH GUIDANCE. 2H24 DEPENDS ON EXECUTION OF CPP

2H24



- The Cash Positive Plan remains the #1 priority
 - Hemp Black returned to EBITDA profit in January ... project delivery key
 - Ananda Health close to breakeven ... clear positive momentum
 - Corporate realignment to reflect asset sales ... next focus
 - Asset sales – timing and quantum both critical
- Look forward to completion of Ecofibre CEO recruitment process

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Q&A

1H24 NORMALISATION ADJUSTMENTS

A\$m	Hemp Black	Ananda Health	Food	Corporate	Seed	EOF Bio	Total
1H24 EBITDA	(30.3)	(1.9)	(0.4)	(7.6)	-	(2.6)	(42.9)
Impairments	29.1	0.9	-	8.7	-	-	38.7
Former CEO share rights lapsed	-	-	-	(3.7)	-	-	(3.7)
EOF Bio expenses	-	-	-	-	-	2.6	2.6
Foreign exchange (FX) expense	-	-	-	0.3	-	-	0.3
Normalised EBITDA	(1.2)	(1.0)	(0.4)	(2.3)	-	-	(5.0)
1H24 NPAT	(31.1)	(2.4)	(0.8)	(8.8)	-	(2.6)	(45.7)
Impairments	29.1	0.9	-	8.7	-	-	38.7
Former CEO share rights lapsed	-	-	-	(3.7)	-	-	(3.7)
EOF Bio expenses	-	-	-	-	-	2.6	2.6
Foreign exchange (FX) expense	-	-	-	0.3	-	-	0.3
Normalised NPAT	(2.0)	(1.5)	(0.8)	(3.6)	-	-	(7.9)

Note: Non-operating or one-off items normalised in 1H24 and prior periods, including Government grants, FX and material impairments to inventory, property plant and equipment and intangible assets. In 1H24, EOF-Bio (new self-funding entity) and a one-off benefit from the lapse of the previous CEOs share rights, have also now been adjusted normalised results. Loss from food business (Discontinuing Operations) not yet normalised pending sale completion.