

1. Company details

Name of entity:	Ecofibre Limited
ACN:	140 245 263
Half year ended (current period):	31 December 2024
Half year ended (previous period):	31 December 2023

2. Results for announcement to the market

	31 Dec 2024 \$'000	31 Dec 2023 \$'000	Variance
Revenues from ordinary activities, including discontinuing operations	12,783	13,859	-8%
Profit (loss) from continuing operations after tax attributable to the owners of Ecofibre Limited	(17,343)	(44,730)	-61%
Profit (loss) from discontinuing operations after tax attributable to the owners of Ecofibre Limited	(397)	(848)	-51%
Profit (loss) for the half-year attributable to the owners of Ecofibre Limited	(17,740)	(45,578)	-61%
Total comprehensive loss for the half-year attributable to the members of the company (after exchange differences)	(15,476)	(46,950)	-67%
Basic earnings (loss) per share (cents) from continuing operations	(4.81)		
Diluted earnings (loss) per share (cents) from continuing operations	(4.81)		
Basic earnings (loss) per share (cents) from discontinuing operations	(0.11)		
Diluted earnings (loss) per share (cents) from discontinuing operations	(0.11)		

Dividends

There were no dividends paid, recommended or declared during the reporting period.

3. Net tangible assets

	31 Dec 2024 Cents	30 Jun 2024 Cents
Net tangible assets per ordinary security	<u>(0.51)</u>	<u>4.29</u>

4. Audit qualification or review

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the consolidated financial statements for the half-year ended 31 December 2024. This report is based on the consolidated financial statements for the half-year ended 31 December 2024 which have been reviewed by William Buck (Qld).

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ECOFIBRE

HALF-YEAR FINANCIAL STATEMENTS 2025

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Directors' Report

The directors of Ecofibre Limited present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Ecofibre Limited (referred to hereafter as the 'Company' or 'Parent Entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2024.

Directors

The following persons were directors of Ecofibre Limited during the half-year reporting period 1 July 2024 to 31 December 2024 and up to the date of this report, unless otherwise indicated.

Vanessa Wallace	Chairman
Ulrich Tombuelt	CEO & Managing Director (appointed on 5 August 2024)
Prof Bruce Robinson	Non-Executive Director
Michele Anderson	Non-Executive Director

Principal activities

The principal continuing activities of the Group during the year was operating two vertically integrated high-quality advanced manufacturing and technology businesses focused on sustainable polymers and natural materials, and natural health care, and a hemp seed genetics business that is now held for sale. In addition, Ecofibre owns a majority interest in a life sciences business that is developing treatments for malignant and non-malignant gynaecological diseases.

Significant changes in the state of affairs

In July 2024, EOF Bio LLC was converted to a C-Corporation with the strong support of voting shareholders. This important step enables broader access to institutional biotech investors in connection with future financing. As such, EOF Bio is now known as EOF Bio Inc.

In July 2024, the Company reached an agreement with its secured lender, Nubridge Commercial Lending LLC to extend the repayment date of its USD10m loan from 1 July 2024 to 1 January 2025.

In July 2024, the Company also reached an agreement with an unsecured lender, the James & Cordelia Thiele Trust Fund, to extend the terms of its loan.

On 5 August 2024, Ulrich Tombuelt was appointed Group Managing Director and CEO, and also President of Ecofibre Advanced Technologies Inc. The contract of previous interim CEO John Foley ceased during that month.

In September 2024, the Company announced it has completed an agreement with Under Armour Inc. for the supply of NEOLAST™ yarns to Under Armour's nominated knitting mills, including the purchase of associated manufacturing equipment and financed by Under Armour over 36 months at 12% p.a interest.

In December 2024, the Group executed a sale and leaseback arrangement whereby its properties in North Carolina and Kentucky were sold and leased back to the Group.

Following the sale and leaseback of the properties, the Group repaid USD9.0m to Nubridge Commercial Lending LLC and entered into a financing agreement for the balance of USD1.0m.

In December 2024, the Group signed agreements for working capital loans with two lenders, Loeb Term Solutions LLC and nFusion Capital Finance LLC.

There were no other significant changes in the state of affairs of the consolidated entity during the half-year.

Cash Positive Plan

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

In 1H25 the core business of the group continued to strengthen.

Trading performance was mixed as the business portfolio continued to be restructured to focus on priority businesses, products and customer channels, and the underlying results show an ongoing trend toward positive cashflows from operations.

During the half, management continued to reshape the Group's portfolio:

- Decision to sell Ecofibre Genetics

The Group is in active discussions to sell its 100% interest in Ecofibre Genetics.

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

This follows the sale of Ananda Food in March 2024. Once the Genetics business is sold the Group will have ceased all production operations in Australia.

- Commence strategic review of Ananda Health

Ananda Health delivered positive-EBITDA results for the last three quarters of calendar 2024, however the business incurred a significant trading loss in the fourth quarter due to weak trading performance in November and December 2024 in both the US and Australian CBD market. Sales increased moderately in January 2025 however CBD market remains weak.

This result has triggered a deeper strategic review of options for the business. The objective is to rapidly increase the business' scale through utilisation of its existing manufacturing and distribution capacity, building space, and strong capabilities such as product formulation, quality control and multi-channel marketing. Options include everything from organic breakout growth strategies to mergers and acquisitions.

2. Reduce operating costs and debt

In addition to repositioning the business portfolio and growing core operations, in 1H25 Ecofibre continued to focus on tight cost control, and monetising assets to reduce debt and financial risk.

Reducing Operating Costs

Ecofibre has a track record of continuous cost improvement. The Company is targeting:

- lower corporate overheads;
- flat or lower business unit operating costs, except where a clear business case exists to add new capabilities, or new costs flow from necessary restructuring changes such as increased rental costs that the business units will incur from January, 2025 following the sale and leaseback of the properties; and
- reducing corporate overhead as a proportion of total costs, as current revenues and operating margins cannot sustain the current level of corporate cost.

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Cash Positive Plan (continued)**2. Reduce operating costs and debt (continued)**

Overall, normalised operating costs reduced a further 10% in 1H25 compared with 1H24, with EAT and Ananda Health both delivering significant cost reductions.

Corporate costs increased \$0.8m due to higher legal and professional fees (+\$0.7m, including significant litigation and legal costs.) Existing cost reduction efforts will be insufficient to right-size Ecofibre's Corporate costs, so in 2H25 Ecofibre will make further structural changes, including re-centering all business support activities in the USA.

Reducing and Restructuring Debt

The Ecofibre Group completed a number of key initiatives to reduce debt and de-risk its balance sheet in 1H25.

- 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 EAT, 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 each.

The combined net book value of the three properties was \$23.4m. After accounting for selling costs totaling \$0.3m, the net loss on sale was \$8.8m.

The sale and leaseback of these properties enabled the repayment of USD9.0m to secured lender Nubridge Commercial Lending LLC. The lender agreed to waive USD0.6m interest and fees, and the remaining USD1.0m debt was converted to an unsecured loan repayable in 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 US\$1.0m in 2H25.

- Restructure existing unsecured loans

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, with the balance outstanding now totaling \$6.5m. In February 2025, Thiele agreed to extend the term of remaining principal repayments, with \$0.65m to be repaid on 1 January 2026, \$0.75m to be repaid on 1 January 2027 and \$5.1m to be repaid on 1 January 2028.

The Lambert Superannuation Fund (Lambert) also agreed to extend the term of remaining principal repayments, from \$3.5m previously due on 15 July 2025, to monthly repayments of \$10,000 per month beginning in April 2025, increasing to \$30,000 per month from July 2025 until the loan is fully repaid.

As a result of these actions, and as shown in the table below, total debt reduced from approximately \$34m to \$25m (AUD equivalent).

*Cash Positive Plan (continued)***2. Reduce operating costs and debt (continued)**

SUMMARY OF DEBT	Previous	Current
USA		
Nubridge	USD10.0m	USD1.0m
Under Armour *	USD4.3m	USD4.3m
Loeb		USD3.1m
nFusion ^		USD1.0m
Total	USD14.3m	USD9.4m
Australia		
Lambert Super	AUD3.5m	AUD3.5m
Thiele	AUD7.0m	AUD6.5m
Total	AUD10.5m	AUD10.0m
Overall Total (AUD*)	AUD33.6m	AUD25.2m

* Under Armour debt not included in balance sheet as at 31 December 2024 as title to production equipment passed, and the loan commenced, on 1 January 2025. However the loan is included in this table for illustrative purposes as all relevant agreements had been signed by this date.

^ A nominal US\$1.0m has also been included to show an approximate drawdown on the nFusion facility in 2H25.

3. Deliver ongoing revenue growth in EAT

EAT is the key growth engine for the Group, and Ecofibre will continue to prioritise capital and operating investment into this business.

EAT delivered a small EBITDA in 1H25 \$0.3m, with strong improvements in revenue (up 16%), gross margin (up 3%) and operating costs (down 16%) compared with 1H24.

Each of the key extrusion businesses have strengthened over the last six months:

- NEOLAST™ yarn – production for Under Armour and its knitting mills commenced 24/7 production in September 2024, and line speed has since been increased 25%. Production quality is high and continues to improve, and discussions with existing and potential customers indicates strong demand for additional production capacity.
- Turf yarn – following a period of weak demand since March 2024, orders in hand indicate that capacity utilization will improve in 3Q25.
- Biomedical yarn – demand from key customer Intervascular SAS continues to grow steadily, and negotiations to extend the remaining term of the existing contract from 4 year to 10 years are well progressed.

The business has a strong, stable management team, key customer relationships have been strengthened over the last 6 months, and new opportunities continue to arise to grow the business and expand the range of high-performance yarns and textiles available to customers.

Cash Positive Plan (continued)**4. Realise value in EOF Bio**

EOF-Bio was established by Ecofibre to commercialise latent value in the life-sciences patent portfolio, developed over years of investment by Ecofibre in research.

In 2H25, the business continues to focus on the development of a next generation of patient-centred botanical drugs that deliver improved health outcomes and enhanced quality 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).

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Review of Operations and Results

GROUP RESULT		1H25	1H24	%
Normalised AUDm	Revenue	12.4	12.0	3%
	Gross Margin	48%	50%	-2ppt
	Other Income (Expense)	0.1	0.3	-76%
	Operating Costs	(11.0)	(12.2)	10%
	Loss from discontinuing operations	(0.4)	(0.8)	Nm
	EBITDA	(3.9)	(5.0)	23%
	Investments:			
	Research & Development	0.3	1.0	-67%
	Capital Expenditure	1.2	2.9	-58%

SUMMARY OF SEGMENT RESULTS

The following three tables summarise the normalised operating performance of the groups three operating businesses during the period.

Ananda Health		1H25	1H24	%
Normalised	Revenue	4.2	5.0	-16%
	Gross Margin	61%	65%	-4ppt
	Other Income (Expense)	0.0	0.0	-
	Operating Costs	(3.4)	(4.8)	28%
	EBITDA	(0.5)	(1.0)	-51%
	Investments:			
	Research & Development	0.1	0.3	-33%
	Capital Expenditure	0.0	0.0	-

Ecofibre Technologies	Advanced		1H25	1H24	%
Normalised		Revenue	8.2	7.1	16%
		Gross Margin	42%	39%	3ppt
		Other Income (Expense)	0.3	0.2	48%
		Operating Costs	(4.3)	(5.0)	16%
		EBITDA	0.3	(1.2)	129%
		Investments			
		Research & Development	0.0	0.8	Nm
		Capital Expenditure	1.2	2.9	-59%

Seed Genetics		1H25	1H24	%
Normalised	Revenue	0.4	0.7	-46%
	Gross Margin	29%	57%	-28ppt
	Other Income (Expense)	-	-	-
	Operating Costs	(0.5)	(0.4)	-9%
	EBITDA	(0.4)	(0.0)	nm
	Investments:			
	Research & Development	-	-	-
	Capital Expenditure	-	-	-

Review of Operations and Results (continued)

Group Profit Result

In the six months to 31 December 2024 ('1H25'), Ecofibre reported a loss after tax of \$18.0m (1H24 loss: \$45.7m).

In this Review of Operations and Results, the results of the Group have been normalised to exclude one-off items to illustrate the operating trend of the business. The normalised NPAT loss for 1H25 was \$6.4m, and the normalised EBITDA loss was \$3.9m, after adjusting for the following:

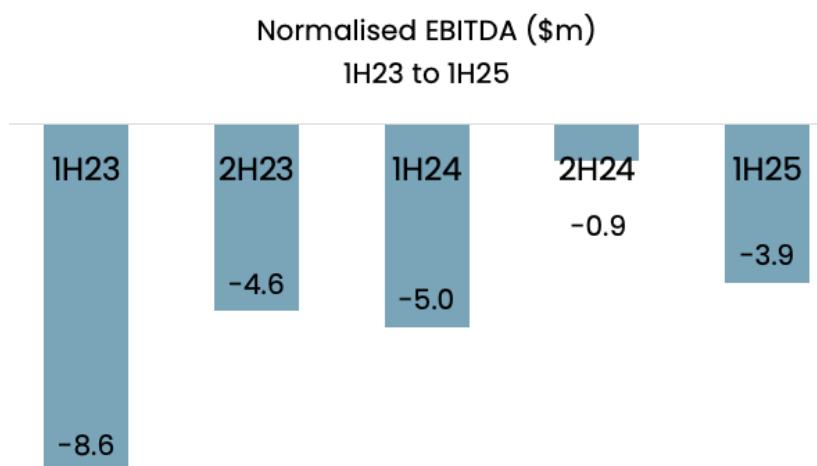
1. Refinancing costs, \$1.8m.
2. Loss on disposal of land and buildings, \$9.1m.
3. Foreign exchange gain, \$0.1m
4. Separately funded EOF Bio expenses, \$0.8m

The normalised result includes a loss from Discontinuing Operations relating to the Seed Genetics business pending completion of the sale of the business targeted for 2H25.

This business is treated as an asset held for sale / discontinuing operations, as there was an active sales process underway for this assets as at 31 December 2024. The impact of this categorization is set out below:

- in the Consolidated Statement of Financial Position, all assets (\$1.0m) and liabilities (\$0.6m) relating to these items are grouped together and classified as current; and
- in the Consolidated Statement of Profit or Loss, all directly attributable income and expenses are netted together and shown as a Loss before Income Tax from Discontinuing Operations (-\$0.4m).

The table below shows the normalised EBITDA result for 1H25 compared with the previous four reporting periods.



The 1H25 loss (-\$3.9m) was lower than the prior corresponding period (1H24: -5.0m) but higher than the immediately preceding 2H24 result (-\$0.9m) as a result of the following:

- 1H25 revenue and gross margin both lower compared with 2H24 (combined impact: -\$3.2m), reflecting:
 - -\$2.0m in EAT due to high biomedical revenue and margins in 2H24 as a key customer restocked inventory, and the impact of lower turf volumes for the full period in 1H25; and

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Review of Operations and Results (continued)

- -\$1.0m in AH due to lower revenue and margins
- 2H24 included proceeds from an insurance claim \$0.5m that had not been normalised in order to match corresponding income and expenses in prior periods
- The impact of these items was partially mitigated by \$1.0m non-depreciation cost reductions from 2H24 to 1H25.

As per the format of the financial statements, The following commentary summarises the key changes in normalised losses between 1H24 to 1H25.

Revenue, Direct Costs and Margin

Group revenue increased 3%, from \$12.0m to \$12.4m (+\$0.4m):

- EAT (1H25: \$8.2m; 1H24: \$7.1m), up 16%

As expected, 1H25 revenue for EAT continued to grow due to strong Biomedical yarn sales (no sales in the prior corresponding period due to destocking by Intervascular), and the start of 24/7 production of NEOLAST™ yarn.

Demand for turf yarn was lower during the period, with the production line running at a utilization ratio of ~60% compared with 100% prior to March 2024.

- Ananda Health (1H25: \$4.2m; 1H24: \$5.0m), down 16%

The decline in Ananda Health's revenue was due to ongoing difficult trading conditions in the US and Australian CBD market as well as continued pressure on the business model of US independent pharmacies.

The business continued to promote its GluNOzym™ product for blood glucose support, which can be marketed with fewer regulatory restrictions than CBD-based products. In January 2024 Ananda Health launched its new "Ananda Wellness" brand to accelerate implementation of its diversification strategy.

Other Income

The Group reported a \$8.9m loss in Other Income (1H24: -\$37.7m) mainly due to a \$9.1m loss on disposal of land and buildings.

Operating Expenses

Normalised operating expenses reduced by 10% (1H25: \$10.9m, 1H24 \$12.1m), reflecting:.

- Staff costs (-\$1.3m) reduced due to lower headcount.
- Operating cost investment in R&D (-\$0.7m), principally due to lower costs in EAT.
- Legal & compliance costs (+\$1.0m) principally due to costs to defend litigation and claims.
- Lower sales and marketing (-\$0.2m), principally in Ananda Health.

By business segment, the \$1.2m reduction in operating costs was delivered in the two main operating businesses:

- Ananda Health (-\$1.8m): lower staff costs due to lower headcount (-\$1.0m), lower depreciation as a result of prior period impairments to asset values (-\$0.5m), and lower spend sales and marketing (-\$0.3m).

Review of Operations and Results (continued)

- EAT (-\$0.8m): lower R&D costs (-\$0.8m) and lower equipment maintenance and modification costs (-\$0.3m), offset by higher staff, utilities and property taxes.
- Corporate costs (+\$1.4m): increased due to higher depreciation (+\$0.6m) and legal and professional costs (+\$0.7m).

Cashflows and Balance Sheet**Cash**

The Group had \$3.9m cash as at 31 December 2024, including \$0.8m held on account of EOF Bio.

1H25 cash movements comprised:

- \$7.3m operating cash outflows, including \$1.7m for EOF Bio.
- \$14.1m investing cash inflows, including -\$1.2m EAT plant and equipment and commissioning costs predominantly associated with the second turf line, and +15.3m from the sale of properties and other assets.
- \$9.6m financing cash outflows, including -\$14.2m repayment of Nubridge borrowings. \$4.9m new borrowings from Loeb, and -\$0.1m in borrowing costs and -\$0.2m principal portion of leased assets.

Balance Sheet

Excluding the value of assets held for sale, current assets total \$9.4m. Excluding liabilities associated with operations held for sale, current liabilities total \$14.9m including \$10.5m payable to Thiele and Lambert at year end which has since either been repaid (\$0.5m) or renegotiated with extended maturities (\$10m).

Non-current assets total \$47.7m, including:

- The value of Goodwill associated with the purchase of the business and assets of the TexInnovate group of companies in August 2020, \$27.1m.
- Right of Use Assets mainly for the new leases for the 3 properties sold in December 2024, \$11.5m; and
- Property, Plant and Equipment, \$9.1m

Non-current liabilities total \$16.6m, including \$10.9m lease liabilities mainly for the new property leases, \$1.6m that remains due to Nubridge, and \$4.1m payable to Loeb.

Overall, the Group's net assets reduced from \$40.1m at 30 June 2024 to \$25.2m during the period, and the number of shares on issue increased from 365.6m to 366.6m. as 1.0m shares were issued from the Employee Share Trust. At the end of the period the Net Tangible Assets per share was -0.51 cps (30 June 2024: 4.29 cps), with the decline principally due to trading losses and the sale of the properties for less than book value.

The value of net assets, and the Consolidated Statement of Other Comprehensive Income, included a gain of \$2.3m in 1H25 because of the strengthened USD and the consequent revaluation of the net assets of the group's US entities.

Material Business Risks

Ecofibre recognises the importance of, and is committed to, the identification, monitoring and effective management of risks associated with its activities across the Group.

The following information details material Group-wide risks, not in any particular order. These material risks do not include generic risks, such as changes to macroeconomic conditions affecting businesses in the USA and Australia (such as tariffs, inflationary pressures, global instability, including impacts on major customer strategies, supply chains and foreign exchange rates.) These risks are considered within each business unit's strategy and budgeting process.

Cash Liquidity & Working Capital Risks	<p>Turning around the business to achieve cash flow positive operations is fundamental to Ecofibre's sustainability and credibility with business partners and investors.</p> <p>Key to managing this risk has been to Improve operating profits and cashflows across each of the Group's businesses through revenue growth, the sale of surplus assets, and cost control, to deliver cash positive operations and profitability.</p> <p>This operational focus has been supplemented with tight governance, with weekly cash monitoring, independent external reviews, tight financial controls.</p> <p>Further, working capital management of inventory and procurement processes has been tightened. Cash investment in growth Opex and Capex have enhanced business case processes and oversight.</p> <p>In 2H25, it is important to conclude a sale of the Seed Genetics business by the end of March 2025 to secure the overall financial position of the Group.</p>
Financing Risks	<p>The Group must finance significant ongoing interest payments, together with principal repayments to Thiele, Lambert, Under Armour and Loeb in 2H25, while maintaining sufficient capital to fund its operations and growth plans.</p>
Strategic Risks	<p>All businesses operate in competitive markets are exposed to shifting customer preferences and face new and existing competitors. All businesses are also innovating to create differentiation. Poor strategy or bad execution in any Business Unit across any part of the value chain results in loss of core cash flow engine for the short to medium term.</p> <p>Each business is focused on executing its own strategies to deepen customers engagement and differentiate our products. The businesses regularly present their strategies and status against their strategies to the Board. The Group's businesses are also deepening their understanding of our customer marketplaces to ensure our strategies address market risks.</p> <p>The Board has announced a strategic review of the Ananda Health business, and the outcome and implementation of that review will be important for the future of that business as well as the Group.</p>

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EAT Operational Scale-up	<p>Implementing Ecofibre Advanced Technologies' growth strategy involves the scale-up of innovative product manufacturing, including; ability to finance and scale up additional capacity to manufacture NEOLAST™ production for Under Armour as existing capacity is now fully utilised, and ensuring the Turf line is running close to maximum capacity before and after the 2nd Turf line is successfully commissioned.</p> <p>Key to managing these risks is working closely with our business partners to bring these innovative products to market. This includes building and maintaining close on-site operational relationships with our business partners, maintaining and empowering our core operational team to optimise machinery performance, deliver against DIFOT (delivery in full and on time). In addition, building a pipeline of potential new customers is key to ensuring new capacity remains fully utilised.</p>
Life Science Risks	<p>Life-science research and commercialization is inherently risky, takes time, and requires capital to be invested years ahead of cash value being generated. Funding is the business's focus at this time.</p> <p>Ecofibre has an attractive portfolio of research assets which it has chosen to commercialize via a separate, self-funded, entity. EOF-Bio provides Ecofibre shareholders with an ability to retain an economic interest without carrying the full life-science risk exposure.</p>
Agricultural Risks	<p>Ecofibre Genetics is a leading supplier of seed genetics to the hemp fibre and grain industry in the US and Australia. Seed sales are exposed to agricultural risks, including crop failure and germination rates as well as the broader climate, commodity market and transport risks associated with getting product to market.</p> <p>Key to managing these risks is having branded seed genetics, such as MS77, managing agricultural and yield risks in the fibre seed business to grow seed inventory and sales pipeline, good contracting, using insurance to mitigate residual risks where economic.</p> <p>These risks will largely be eliminated upon the sale of the Seed Genetics business.</p>
Regulatory Risks	<p>Ananda Health's CBD products operate in a regulated environment that remains murky in the USA, with the 2018 Farm Bill clarifying federal legality but state variations adding confusion and uncertainty. The current FDA position on CBD is that it warrants a new category of guidance that is neither a dietary supplement nor a drug. The most material risk would be for the guidance to restrict market access.</p> <p>To mitigate this risk, Ananda Health and EOF-Bio focus on supporting science-backed, research-supported quality-manufactured product which will benefit from the highest level of regulation. Ananda Health also continues to diversify its product offering into non-CBD products able to be sold in a broader range of channels.</p>

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<p>Contractual and Legal Risks</p>	<p>Ecofibre operations are underpinned by commercial contracts with its business customer and supply chain partners and employment contracts with team members. Key to successful operations is entering robust commercial contracts, delivering against these contracts and managing any issues that may arise.</p> <p>Managing contractual risks requires disciplined, aligned teamwork between Business Unit leadership, finance and legal. Ecofibre has put a lot of focus on embedding this discipline and it remains a focus moving forward.</p> <p>The Group is managing a number of existing or potential claims, which are set out in the Contingent Liabilities section of this Financial Report (refer Note 14 to the Financial Statements). Collectively, these claims do not present a material risk to the operations of the business, unless they impact future capital raisings.</p>
<p>People and Culture Risk</p>	<p>People are at the heart of our ability to operate, grow and be a good citizen within the communities we operate in. Ecofibre requires team members with appropriate skills, capabilities and values to execute Business Unit and Group strategies. Mitigating key person risk and retention of critical staff and ensuring our teams live the values and behaviours expected is paramount.</p> <p>There are a number of people programs that support mitigation of this risk.</p> <ul style="list-style-type: none"> - Clear expectations around codes of conduct, visibility of our values and leadership role modelling of behaviours, supported by policy training and taking action when expectations are not met. - Recruitment practices and investments to strengthen employee value propositions so the right talent is attracted and retained by the Group

Other portfolio risks include systems complexity and cyber risk. The Group's businesses are dependent on sophisticated business processes and systems to operate effectively. If these systems do not operate as intended, through cyber-attack or otherwise, the group's ability to operate its businesses would be significantly impacted.

Environmental, social and governance risks are considered material to the Group's business strategies and financial prospects, particularly in relation to agricultural and yield risks. Any current risk from climate change may include unpredictable high impact weather events such as tornados in the United States or rain and frost events impacting crops which can cause significant damage in a short period, and the risk that any disaster recovery actions may not be sufficient to mitigate consequent losses.

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Dividend

No dividend was declared or paid during the half-year (1H24: Nil).

Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financials/ Directors' Report) Instrument 2016/191, the amounts in this report are rounded to the nearest thousand dollars unless otherwise indicated.

Auditor's independence declaration

The auditor's independence declaration has been received and can be found on page 14 of the half-year report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3) of the Corporations Act 2001.

On behalf of the directors



Vanessa Wallace
Director

19 February 2025
Sydney, Australia



Ulrich Tombuelt
Director

19 February 2025
Sydney, Australia

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF ECOFIBRE LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2024 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 Ecofibre Limited and the entities it controlled during the period.

William Buck

William Buck (Qld)
ABN 21 559 713 106

J Latif

J Latif
Director

Brisbane, 19 February 2025

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Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements.
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Vanessa Wallace
Director

19 February 2025
Sydney, Australia

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Consolidated Statement of Profit or Loss
For the half-year ended 31 December 2024

	Note	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Revenue		12,412	12,026
Direct costs	4(a)	(6,448)	(6,905)
Gross profit		5,964	5,121
Other income (expense)	3	(8,902)	(37,661)
Other operating expenses	4(b)	(13,526)	(11,087)
Interest expense		(1,114)	(1,534)
Profit (loss) before income tax from continuing operations		(17,578)	(45,161)
Income tax credit (expense)		(45)	320
Profit (loss) after income tax from continuing operations		(17,623)	(44,841)
Profit (loss) after income tax from discontinuing operations	5	(397)	(848)
Profit (loss) after income tax for the period		(18,020)	(45,689)
Profit (loss) for the period is attributable to:			
Non-controlling interest	11	(280)	(111)
Members of the company		(17,740)	(45,578)
		(18,020)	(45,689)
Earnings (loss) per share from continuing operations:			
Basic earnings (loss) per share - cents		(4.81)	(12.63)
Diluted earnings (loss) per share - cents		(4.81)	(12.63)
Earnings (loss) per share from discontinuing operations:			
Basic earnings (loss) per share - cents		(0.11)	(0.24)
Diluted earnings (loss) per share - cents		(0.11)	(0.24)
Total earnings (loss) per share:			
Basic earnings (loss) per share - cents	13	(4.92)	(12.87)
Diluted earnings (loss) per share - cents	13	(4.92)	(12.87)

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes

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Consolidated Statement of Other Comprehensive Income
For the half-year ended 31 December 2024

	Note	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Profit (loss) after income tax for the half-year		(18,020)	(45,689)
Other comprehensive profit (loss) for the half-year:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign controlled entities		2,264	(1,372)
Total comprehensive profit (loss) for the half-year		<u>(15,756)</u>	<u>(47,061)</u>

The above consolidated statement of other comprehensive income should be read in conjunction with the accompanying notes

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Consolidated Statement of Financial Position
As at 31 December 2024

	Note	31 Dec 2024 \$'000	30 Jun 2024 \$'000
CURRENT ASSETS			
Cash and cash equivalents		3,871	6,737
Trade and other receivables		2,342	3,082
Inventories		2,040	2,630
Biological assets		-	576
Other current assets		1,061	346
Tax recoverable		61	61
Assets of operations held for sale	5	995	-
Land and building held for sale	5	-	23,941
TOTAL CURRENT ASSETS		10,370	37,373
NON-CURRENT ASSETS			
Intangible assets	6	27,053	25,275
Right-of-use assets	7	11,477	-
Property, plant and equipment		9,141	8,599
TOTAL NON-CURRENT ASSETS		47,671	33,874
TOTAL ASSETS		58,041	71,247
CURRENT LIABILITIES			
Trade and other payables		3,774	4,750
Lease liabilities	7	619	-
Tax payable		34	36
Borrowings	8	11,283	15,993
Liabilities directly associated with operations held for sale	5	551	-
TOTAL CURRENT LIABILITIES		16,261	20,779
NON-CURRENT LIABILITIES			
Lease liabilities	7	10,878	-
Borrowings	8	5,751	9,500
TOTAL NON-CURRENT LIABILITIES		16,629	9,500
TOTAL LIABILITIES		32,890	30,279
NET ASSETS		25,151	40,968
EQUITY			
Issued capital	9	120,906	120,811
Other equity	10	9,924	9,924
Foreign currency translation reserve		6,096	3,832
Accumulated losses		(113,501)	(95,911)
Share capital reserve		-	-
Share-based payment reserve		1,001	1,307
Equity attributable to the members of the company		24,426	39,963
Non-controlling interest	11	725	1,005
TOTAL EQUITY		25,151	40,968

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2024

Note	Issued capital \$'000	Other equity \$'000	Share-based payment reserve \$'000	Share capital reserve \$'000	Foreign currency translation reserve \$'000	Accumulated gains/ (losses) \$'000	Non-controlling interest \$'000	Total \$'000
Balance 30 June 2024	120,811	9,924	1,307	-	3,832	(95,911)	1,005	40,968
Loss for the year	-	-	-	-	-	(17,740)	(280)	(18,020)
Other comprehensive income	-	-	-	-	2,264	-	-	2,264
Total comprehensive income for the period	-	-	-	-	2,264	(17,740)	(280)	(15,756)
Transaction with owners in their capacity as owners:								
Share options cancelled	-	-	(150)	-	-	150	-	-
Share-based payments	95	-	(156)	-	-	-	-	(61)
Balance 31 Dec 2024	120,906	9,924	1,001	-	6,096	(113,501)	725	25,151
Balance 30 June 2023	115,673	865	4,932	14,300	4,777	(65,917)	17	74,647
Loss for the year	-	-	-	-	-	(45,578)	(111)	(45,689)
Other comprehensive income	-	-	-	-	(1,372)	-	-	(1,372)
Total comprehensive income for the period	-	-	-	-	(1,372)	(45,578)	(111)	(47,061)
Transaction with owners in their capacity as owners:								
Shares issued	5,339	-	-	-	-	-	-	5,339
Transactions with non-controlling interest	-	1,237	-	-	-	-	84	1,321
Share-based payments	32	-	(3,295)	-	-	-	-	(3,263)
Share issue cost	(367)	-	-	-	-	-	-	(367)
Balance 31 Dec 2023	120,677	2,102	1,637	14,300	3,405	(111,495)	(10)	30,616

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Consolidated Statement of Cash Flows
For the half-year ended 31 December 2024

	Note	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Cash flows from operating activities			
Receipts from customers		13,582	14,166
Government grants		-	730
Payments to suppliers and employees		(19,708)	(21,192)
Interest received		26	40
Interest paid		(1,141)	(1,344)
Income tax paid		(49)	(27)
Net cash flows used in operating activities		<u>(7,290)</u>	<u>(7,627)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(1,231)	(2,931)
Payments for business acquisition		-	-
Receipt from sale of property, plant and equipment		15,293	214
Other		(6)	14
Net cash flows used in investing activities		<u>14,056</u>	<u>(2,703)</u>
Cash flows from financing activities			
Proceeds from borrowings		4,911	-
Repayment of borrowings		(14,210)	(1,000)
Repayment of lease liabilities		(231)	(177)
Proceeds from issue of shares		-	6,502
Share issue transaction costs		-	(367)
Transaction costs related to loans and borrowings		(101)	-
Net cash flows generated from financing activities		<u>(9,631)</u>	<u>4,958</u>
Net decrease in cash and cash equivalents held		(2,865)	(5,372)
Cash and cash equivalents at the beginning of the financial year		6,737	7,289
Effect of movement in exchange rates on cash held		40	132
Cash and cash equivalents at the end of the period		<u>3,912</u>	<u>2,049</u>
Cash and cash equivalents held by discontinuing operations		41	200
Cash and cash equivalents held by continuing operations		<u>3,871</u>	<u>1,849</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

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Notes to the Consolidated Financial Statements**1. Material accounting policy information**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 together with any public announcements made during the half-year.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Principles of consolidation

The consolidated financial statements incorporate the results and assets and liabilities of all entities controlled by Ecofibre Limited ("parent entity") as at 31 December 2024 and results of all controlled entities for the period then ended. The parent entity and its controlled entities together are referred to in the financial statements as "the consolidated entity" or "the Group". Subsidiaries are all those entities over which the parent entity has control. The parent entity controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through the power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the parent entity.

Where controlled entities have entered the group during the year, the financial performance of those entities is included only for the period of the year that they were controlled.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses attributed to the consolidated entity are included in the value of the non-controlling interest in full, even if that results in a deficit balance.

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. These standards did not have an impact on the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

1. Material accounting policy information (continued)**Non-current assets or disposal groups classified as held for sale**

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Going concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Group incurred a loss for the half year ended 31 December 2024 of \$18.020m (31 December 2023: \$45.689m) and net cash outflows from operations were \$7.290m (31 December 2023: \$7.627m). As at 31 December 2024, cash and cash equivalents were \$3.9m including cash in EOF Bio (\$0.8m).

The above factors indicate a material uncertainty exists which may cast doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The directors plan to continue the Group's operations on the basis outlined below and believe there will be sufficient funds for the Group to meet its obligations and liabilities for at least twelve (12) months from the date of this report based on the Group implementing its Cash Positive Plan.

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

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

The key financial assumptions of the Cash Positive Plan require the following to be delivered over the next 12 months:

- Group operations become operating cash flow positive (excluding EOF Bio) during 1H26, driven by revenue growth in both Ecofibre Advance Technologies and Ananda Health from 2H25, and significant Corporate cost reductions.
- Sale of Seed Genetics business in 2H25. The Group is currently negotiating with an interested party who has conducted initial due diligence, and a Sale and Purchase Agreement is under active negotiation between the parties.

1. Material accounting policy information (continued)

Going concern (continued)

- Availability of additional financing in 1H26, through a combination of new equity financing and further asset sales.

The directors believe the Group is able to continue as a going concern after consideration of the above factors.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern and meet its debts as and when they become due and payable.

2. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into six segments based on differences in products and services provided: polymers yarns and textiles (Ecofibre Advanced Technologies), nutraceuticals (Ananda Health), hemp seed genetics (Ecofibre Genetics), group corporate functions, (Corporate), clinical-stage biotechnology (EOF Bio), and hemp food (Ananda Food), which was discontinued in 2H24.

These segments are based on the internal reports that are reviewed and used by the Board of Directors (BOD) in assessing performance and in determining the allocation of resources.

The BOD reviews the profit or loss before income tax for each segment. The accounting policies adopted for internal reporting to the BOD are consistent with those adopted in the financial statements.

Types of products and services

The principal products and services of each of the operating segments are as follows:

Ecofibre Advanced Technologies (EAT)	Advanced manufacturing business with specialist capabilities in performance yarn extrusion, polymer compounding and textiles manufactured in the United States
Ananda Health	Production and sale of hemp related and other nutraceutical products in the United States and Australia
Ecofibre Corporate	Group corporate and shared service functions
EOF Bio Inc.	Majority owned, US-based clinical-stage biotechnology company focused on a new generation of patient-centered cannabinoid-based drugs that improve health outcomes and enhance quality of life, starting with women’s health and endometriosis.
Ecofibre Genetics (EG)(discontinuing)	Supply of seed genetics to the hemp fibre and grain industry in the US and Australia
Ananda Food (discontinued)	Production and sale of hemp related food and pet products primarily in Australia

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2. Operating segments (continued)

Intersegment transactions

Intersegment transactions are made at arms-length market rates and are eliminated on consolidation.

Intersegment receivables and payables

Intersegment transactions are initially recognised at the consideration received. Intersegment receivables and payables that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment receivables and payables are eliminated on consolidation.

Operating segment information

a) Segment performance

	EAT	Ananda			Business		Total
	\$'000	Health	Corporate	EOF Bio	held for	EG	\$'000
		\$'000	\$'000	\$'000	sale	\$'000	
Consolidated – 31 Dec 2024							
Revenue							
Sales to external customers	8,223	4,189	-	-		371	12,783
Total sales revenue	8,223	4,189	-	-		371	12,783
Other income (expense)							
Government grant	-	-	-	-		-	-
Foreign exchange gain/ (loss)	(30)	-	101	-		(9)	62
Interest income	2	4	9	10		-	25
Impairment loss	-	-	-	-		-	-
Other income	(340)	2	(8,660)	-		6	(8,992)
Total other income (expense)	(368)	6	(8,550)	10		(3)	(8,905)
Total expenses	(9,229)	(4,947)	(6,139)	(773)		(765)	(21,853)
Loss before income tax	(1,374)	(752)	(14,689)	(763)		(397)	(17,975)
Consolidated – 31 Dec 2023							
Revenue							
Sales to external customers	7,066	4,960	-	-	Food	EG	Total
Total sales revenue	7,066	4,960	-	-	\$'000	\$'000	\$'000
Other income (expense)							
Government grant	-	-	-	-	71	-	71
Foreign exchange gain/ (loss)	(2)	(3)	(258)	-	-	-	(263)
Interest income	-	-	40	-	-	-	40
Impairment loss	(29,064)	-	(8,665)	-	-	-	(37,729)
Other income	198	15	78	-	-	-	291
Total other income	(28,868)	12	(8,805)	-	71	-	(37,590)
Total expenses	(9,295)	(7,324)	(274)	(2,632)	(2,022)	(730)	(22,277)
Loss before income tax	(31,097)	(2,352)	(9,079)	(2,632)	(811)	(37)	(46,008)

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2. Operating segments (continued)

Operating segment information (continued)

b) Segment assets and liabilities

					<i>Business held for sale</i>		
	<i>EAT</i> \$'000	<i>Ananda Health</i> \$'000	<i>Corporate</i> \$'000	<i>EOF Bio</i> \$'000	<i>EG</i> \$'000	<i>Total</i> \$'000	
Consolidated – 31 Dec 2024							
Assets							
Segment assets	46,515	5,958	702	-	995	54,170	
<i>Unallocated assets:</i>							
Cash and cash equivalents						3,871	
Total assets						<u>58,041</u>	
Liabilities							
Segment liabilities	8,408	5,277	1,375	245	551	15,856	
<i>Unallocated liabilities:</i>							
Borrowings						17,034	
Total liabilities						<u>32,890</u>	
<i>Unallocated liabilities:</i>							
Borrowings							
Total liabilities							
Consolidated – 30 Jun 2024							
	<i>EAT</i> \$'000	<i>Ananda Health</i> \$'000	<i>EG</i> \$'000	<i>Corporate</i> \$'000	<i>EOF Bio</i> \$'000	<i>Land & Building held for sale</i> \$'000	<i>Total</i> \$'000
Assets							
Segment assets	36,991	2,207	1,069	302	-	23,941	64,510
<i>Unallocated assets:</i>							
Cash and cash equivalents							6,737
Total assets							<u>71,247</u>
Liabilities							
Segment liabilities	1,213	681	877	1,226	789	-	4,786
<i>Unallocated liabilities:</i>							
Borrowings							25,493
Total liabilities							<u>30,279</u>

c) Geographical information

	<i>Sales to external customers</i>		<i>Geographical non-current assets</i>	
	<i>31 Dec 2024</i> \$'000	<i>31 Dec 2023</i> \$'000	<i>31 Dec 2024</i> \$'000	<i>30 Jun 2024</i> \$'000
Australia				
Discontinuing	371	1,833	-	-
Continuing	295	604	4	7
United States of America				
Continuing	12,117	11,422	47,667	33,867
	<u>12,783</u>	<u>13,859</u>	<u>47,671</u>	<u>33,874</u>

3. Other income / (expense) from continuing operations

	31 Dec 2024	31 Dec 2023
	\$'000	\$'000
Government grant	-	-
Foreign exchange gain / (loss)	71	(261)
Interest	26	40
Impairment loss – equipment	-	(2,054)
Impairment loss – building	-	(8,665)
Impairment loss – goodwill	-	(26,820)
Impairment loss – other intangibles	-	(191)
Loss on disposal of land and building ^	(9,056)	-
Other income	57	290
	<u>(8,901)</u>	<u>(37,661)</u>

^ During the period, the Group executed a sale and leaseback arrangement with which its properties in Greensboro, North Carolina and Georgetown, Kentucky were sold for US\$9.7m and leased back to the Group. The two properties in Greensboro, North Carolina is used in the manufacturing operations of Ecofibre Advanced Technologies, and the property in Georgetown, Kentucky is used as a production facility for Ananda Health. The leases run for a period of 10 years with the option to renew the lease after that date. The sale and leaseback arrangement is part of the Group's broader debt reduction initiatives as part of the Company's plan to create a simpler, more tightly focused business portfolio and deliver more sustainable financial performance.

The sale and leaseback of these properties enabled the repayment of USD9.0m to secured lender Nubridge Commercial Lending LLC. The combined net book value of these properties, was \$23.4m. After accounting for some selling costs of \$0.3m, the net loss on sale recorded in the statement of profit or loss is \$9.1m.

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4. Expenses from continuing operations**a) Direct costs**

	31 Dec 2024	31 Dec 2023
	\$'000	\$'000
Costs of goods sold	6,188	6,010
Impairment of inventory	260	895
	<u>6,448</u>	<u>6,905</u>

b) Other operating expenses

Employees and contractors	5,614	6,779
Share based payments	(60)	(3,126)
Sales and marketing	294	585
Travel and accommodation	221	288
Equipment modification and maintenance	376	649
Short term leases	125	124
Legal fees and compliance	3,352	1,089
Accounting and audit	210	114
Depreciation and amortisation	1,445	1,370
Research and development	109	1,626
Bad and doubtful debts	22	(2)
Other	1,818	1,591
	<u>13,526</u>	<u>11,087</u>

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5. Business and assets held for sale

Seed Genetics Business

As at 31 December 2024, the Company was negotiating with an interested party who has since conducted initial due diligence, and a Sale and Purchase Agreement is under active negotiation between the parties.

Freehold Properties

As at 30 June 2024, the Company's three freehold properties in the United States were held for sale to investors, subject to leaseback on terms to be negotiated, in order to repay a USD10m secured loan from Nubridge Commercial Lending LLC. On December 2024, the Group completed the sale and leaseback arrangement with which its properties in Greensboro, North Carolina and Georgetown, Kentucky were sold for US\$9.7m and leased back to the Group.

Food and Pet Products business

On 28 March 2024, Ecofibre Limited completed the sale of hemp food and animal products business of Ananda Food Pty Ltd to a wholly owned subsidiary of Elixinol Wellness Limited. The Company received cash consideration of \$2m and recognised a loss of \$0.8m in relation to the sale. This business and its assets had been held for sale at the end of 31 December 2023.

Summary

The profit and loss of the business and assets held for sale are summarised below.

	Food business		EG business		Total	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	-	1,140	371	693	371	1,833
Direct costs	-	(959)	(299)	(301)	(299)	(1,260)
Gross profit	-	181	72	392	72	573
Other income (expense)	-	71	(3)	-	(3)	71
Other operating expenses	-	(1,049)	(466)	(429)	(466)	(1,478)
Interest expense	-	(14)	-	-	-	(14)
Profit (loss) before income tax of business/ assets held for sale	-	(811)	(397)	(37)	(397)	(848)
Income tax expense	-	-	-	-	-	-
Profit (loss) after income tax of business/ assets held for sale	-	(811)	(397)	(37)	(397)	(848)

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5. Business and assets held for sale (continued)

Assets and liabilities directly related to the business and assets held for sale are summarised below.

	<i>EG business</i>		<i>Land & building</i>		<i>Total</i>	
	<i>31 Dec</i>	<i>30 Jun</i>	<i>31 Dec</i>	<i>30 Jun</i>	<i>31 Dec</i>	<i>30 Jun</i>
	<i>2024</i>	<i>2024</i>	<i>2024</i>	<i>2024</i>	<i>2024</i>	<i>2024</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Cash and cash equivalents	41	-	-	-	41	-
Trade and other receivables	134	-	-	-	134	-
Inventories	757	-	-	-	757	-
Biological assets	63	-	-	-	63	-
Other current assets	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
Right-of-use assets	-	-	-	-	-	-
Property, plant and equipment	-	-	-	23,941	-	23,941
Assets classified as held for sale	995	-	-	23,941	995	23,941
Trade and other payables	551	-	-	-	551	-
Lease liabilities	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-
Liabilities classified as held for sale	551	-	-	-	551	-
Net assets	444	-	-	23,941	444	23,941

Cash flow related to the business and assets held for sale are summarised below.

	<i>EG business</i>		<i>Food business</i>		<i>Total</i>	
	<i>31 Dec</i>	<i>31 Dec</i>	<i>31 Dec</i>	<i>31 Dec</i>	<i>31 Dec</i>	<i>31 Dec</i>
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Cash flows used in operating activities	(479)	(697)	-	(166)	(479)	(863)
Cash flows used in investing activities	-	-	-	(52)	-	(52)
Cash flows used in financing activities	479	697	-	218	479	915
Net movement in cash and cash equivalents	-	-	-	-	-	-

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6. Intangible assets

	31 Dec 2024 \$'000	30 Jun 2024 \$'000
Goodwill at acquisition date	48,814	48,814
Less: Impairment	(26,820)	(26,820)
Foreign currency impact	5,059	3,281
Balance at 31 Dec / 30 June 2024	<u>27,053</u>	<u>25,275</u>
Patents, customer list and trademarks – at cost	-	302
Less: Accumulated amortisation	-	(106)
Less: Impairment	-	(191)
Foreign currency impact	-	(5)
	<u>-</u>	<u>-</u>
Total intangible assets	48,814	49,116
Less: Accumulated amortisation	-	(106)
Less: Impairment	(26,820)	(27,011)
Foreign currency impact	5,059	3,276
	<u>27,053</u>	<u>25,275</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Goodwill \$'000	Patents, customer list and trademarks \$'000	Total \$'000
Balance at 1 Jul 2023	53,066	614	53,680
Amortisation	-	(103)	(103)
Impairment	(26,820)	(191)	(27,011)
Disposal	-	(315)	(315)
Exchange difference	(971)	(5)	(976)
Balance at 30 Jun / 1 Jul 2024	<u>25,275</u>	-	<u>25,275</u>
Exchange difference	1,778	-	1,778
Balance at 31 Dec 2024	<u>27,053</u>	-	<u>27,053</u>

Goodwill impairment testing

Goodwill acquired through business combinations has been allocated to the following cash-generating units:

	31 Dec 2024 \$'000	30 Jun 2024 \$'000
Ecofibre Advanced Technologies (acquisition of TexInnovate business)	<u>27,053</u>	<u>25,275</u>

In June 2024 intangible assets were assessed and the carrying amount of the cash-generating unit exceeded its recoverable amount for the TexInnovate business. The recoverable amount at 30 June 2024 was calculated as \$48.9m.

The results for the 6 months to December 2024 are materially in line with the projections from the June 2024 assessment. Therefore, no impairment assessment is needed in December 2024, due to there being no impairment indicators.

7. Leases

Information about leases for which the Group is a lessee is presented below.

i. Right-of-use assets

Right-of-use assets relate to leased properties that do not meet the definition of investment property and are presented as below:

	Buildings	Total
	\$'000	\$'000
Balance at 1 Jul 2023	305	305
Disposals	(118)	(118)
Depreciation	(187)	(187)
Exchange difference	-	-
Balance at 30 Jun / 1 Jul 2024	-	-
Addition [^]	11,554	11,554
Depreciation	(77)	(77)
Exchange difference	-	-
Balance at 31 Dec 2024	<u>11,477</u>	<u>11,477</u>

[^]During the period, the Group executed a sale and leaseback arrangement in accordance with which its properties in Greensboro, North Carolina and Georgetown, Kentucky were sold for US\$9.7m and leased back to the Group. The two properties in Greensboro, North Carolina is used in the manufacturing operations of Ecofibre Advanced Technologies, and the property in Georgetown, Kentucky is used as a production facility for Ananda Health. The leases run for a period of 10 years with the option to renew the lease after that date. Lease terms are renegotiated upon expiry of each lease to reflect market rentals. The sale and leaseback arrangement is part of the Group's broader debt reduction initiatives as part of the Company's plan to create a simpler, more tightly focused business portfolio and deliver more sustainable financial performance

ii) Lease liabilities

The lease liabilities are presented as below:

	31 Dec 2024	30 Jun 2024
	\$'000	\$'000
Balance at 1 July	-	427
New leases during the period*	11,574	-
Disposals during the period	-	(152)
Payments	(77)	(297)
Interest charges during the period	-	22
Balance at 30 June	<u>11,497</u>	<u>-</u>

Lease liability recognised as at 30 June of which are:

Current lease liabilities	619	335
Non-current lease liabilities	10,878	92
	<u>11,497</u>	<u>427</u>

*As detailed above, during the half year ended 31 Dec 2024, the consolidated entity executed a sale and lease back arrangement, as a result of which the Georgetown and North Carolina properties were sold for US\$9.7m and leased back to the Company, with the lease period covering 10 years.

7 Leases (continued)

iii) Amounts recognised in profit or loss	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Interest on lease liabilities	-	16
Depreciation charge	77	121
	<hr/>	<hr/>
iv) Amounts recognised in statement of cash flows		
Cash outflow for leases:		
Financing cash outflow*	231	177
Operating cash outflow	-	16
	<hr/>	<hr/>

*includes 1 month advanced lease payment

v) Extension options

The property leases contain extension options exercisable by the Group up to 10 years before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses where it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

8. Borrowings

	31 Dec 2024	30 Jun 2024
Current		
Unsecured term loan	10,500	1,000
Secured term loan	783	14,993
	<hr/>	<hr/>
	11,283	15,993
Non-current		
Unsecured term loans	1,605	9,500
Secured term loan	4,146	-
	<hr/>	<hr/>
	5,751	9,500

Unsecured term loans

In June 2020, the Company obtained a \$10m loan from James & Cordelia Thiele Trust Fund. On 15 July 2022, \$2m was repaid and on 15 July 2023 \$1m was repaid. In July 2024 the terms of the loan were renegotiated as follows: \$1m repayable on 1 January 2025 and \$6m repayable on 15 July 2025. The interest rate on the loan was 11% p.a. to 30 September 2024 and 14% p.a. thereafter. The original terms were \$1m repayable on 15 July 2024, \$6m repayable on 15 July 2025 and the interest rate on the loan was 11% p.a. In December 2024 it was agreed that the repayment in January 2025 be reduced to \$0.5m. In February 2025, Thiele agreed to extend the term of remaining principal repayments, with \$0.65m to be repaid on 1 January 2026, \$0.75m to be repaid on 1 January 2027 and \$5.1m to be repaid on 1 January 2028. The interest rate remains at 14% p.a.

In March 2022, Ecofibre received a \$3.5m loan from the Lambert Superannuation Fund. The interest rate on the loan was 10% p.a. In December 2022, the term of the loan was extended. In February 2025 the terms of the loan were renegotiated as follows: \$10,000 repayable in each of April, May and June 2025. \$30,000 per month repayable thereafter. The interest rate remains at 10% p.a.

8. Borrowings (continued)*Secured term loan*

The secured loan as at 30 June 2024 relates to a USD10m loan from Nubridge Commercial Lending LLC in the United States. The Group's interests in the following properties were pledged as security for the loan: Corporate Boulevard, Georgetown, Kentucky; Cessna Drive, Greensboro, North Carolina; West Market Street, Greensboro, North Carolina. In addition, the shareholdings owned by Ecofibre Limited are included as security interests.

Following the sale and leaseback arrangement which enabled the Company to repay US\$9.0m loan from Nubridge Commercial Lending LLC in the United States, The remaining USD1.0m owed to the lender is converted to an unsecured loan repayable by December 2027. Interest on the loan will accrue at 12% p.a and is also repayable at the end of the loan term.

On 18 December 2024, the Company obtained a US\$3.0m working capital loan from Loeb Term Solutions LLC (Loeb), a leader in machinery and equipment solutions, collateralized by machinery and equipment at EAT's Greensboro and Georgetown manufacturing facilities. The term of the loan is 3 years and the interest rate is prime rate + 7% p.a.

9. Issued Capital

	31 Dec 2024 \$'000	30 Jun 2024 \$'000	31 Dec 2024 Quantity	30 Jun 2024 Quantity
Ordinary shares	120,906	120,811	366,629,116	365,629,116
Movement in ordinary shares				
Opening balance 1 Jul 2024 / 1 Jul 2023	120,811	115,673	365,629,116	335,744,765
New shares issue @ \$0.18 per share	-	5,339	-	29,659,351
Shares issued by the EST	95	166	1,000,000	225,000
Share issue cost	-	(367)	-	-
Closing balance	120,906	120,811	366,629,116	365,629,116

378,873,902 total shares are on issue by the parent entity, which includes 366,629,116 consolidated shares on issue plus shares held by the Employee Share Trust (EST) (12,244,786) which have been issued by the parent entity and are eliminated on consolidation.

10. Other equity

In July 2024, EOF Bio LLC was converted to a C-Corporation with the strong support of voting shareholders. This important step enables broader access to institutional biotech investors in connection with future financing. As such, EOF Bio is now known as EOF Bio Inc. and the capital contribution which were known as units are now known as shares.

EOF Bio Inc issued and capital contribution at the end of the reporting period are as follows:

	31 Dec 2024 \$'000	30 Jun 2024 \$'000	31 Dec 2024 Quantity	30 Jun 2024 Quantity
Shares / Units issued:				
Preference shares / units	6,429	6,429	5,265	5,265
Common shares / units	178	178	30,130	30,130
Total Contribution / Issued	6,607	6,607	35,395	35,395
Sale of units	5,130	5,130		
Less: non-controlling interest	(1,813)	(1,813)		
	9,924	9,924		

As at 30 June 2024, there were 1,600 incentive units awarded that contain rights to a share in future profits that will vest if commercialisation targets are met. These incentive units have lapsed upon conversion of EOF BIO to EOF Bio Inc.

11. Non-controlling interest

The non-controlling interest percentage as at the end of the reporting period is summarized as follows:

	31 Dec 2024 Quantity	30 Jun 2024 Quantity
Shares / Units held by:		
Ecofibre USA Inc.	25,546	25,546
Non-controlling interest	9,849	9,849
Total shares / units issued	35,395	35,395
Ownership:		
Ecofibre USA Inc.	72.2%	72.2%
Non-controlling interest	27.8%	27.8%
	100%	100%

Per AASB10 – Consolidated Financial Statements, 100% of EOF-BIO is consolidated into Ecofibre Group's financial statements, less one-line adjustments to recognise the value of non-controlling interests in equity and profit or loss. The individual balance sheet and profit and loss items in the consolidated financial statements therefore include 100% of EOF Bio. The attributed value of the non-controlling interest as at the end of the reporting period is as follows:

	31 Dec 2024 \$'000	30 Jun 2024 \$'000
Non-controlling interest – issued capital	(1,813)	(1,813)
Non-controlling interest – attribution of accumulated loss	1,088	808
	(725)	(1,005)

12. Interests in subsidiaries

The financial statements of the subsidiaries have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. These financial statements also comply with Australian Accounting Standards and interpretation issued by the Australian Accounting Standards Board (AASB).

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly owned subsidiaries:

Name	Principal place of business / Country of Incorporation	Ownership Interests	
		31 Dec 2024	30 Jun 2024
Ecofibre Services Pty Ltd (ES)	Australia	100%	100%
Ecofibre Asia Pacific Pty Ltd (EAP)	Australia	100%	100%
Ecofibre USA Inc. (EUSA)	United States of America	100%	100%
Ananda Hemp Inc. (AH)	United States of America	100%	100%
Ecofibre Kentucky LLC (EK)	United States of America	-	100%
Ecofibre Advanced Technologies Inc. (EAT) (formerly Hemp Black Inc.)	United States of America	100%	100%
EOF Distribution Inc. (EOFD)	United States of America	-	100%
Ecofibre USA RE LLC (EUSARE)	United States of America	100%	100%
Ecofibre Uruguay SA (EU)	Uruguay	100%	100%
EOF Bio Inc (BIO) (formerly EOF Bio LLC)	United States of America	72.2%	72.2%
Ecofibre Genetics Pty Ltd (Genetics)	Australia	100%	100%
EUSA KY LLC (EKY)	United States of America	100%	-

ES's principal activity is the provision of group corporate functions and research and development services.

EAP's principal activity is sales and distribution of hemp products.

EUSA's principal activity is an investment holding company.

AH's principal activity is the marketing and distribution of hemp nutraceutical products.

EK's principal activity is to support the manufacture of hemp nutraceutical products. EK merged into AH on 16 August 2024.

EAT's principal activity is to develop and commercialise hemp fibre products.

EOFD is a special purpose sales and marketing entity for the Ananda Health business in the United States.

EOFD merged into EUSA on 14 August 2024.

EUSARE is a special purpose entity for the securitisation of loans.

EU is a dormant entity.

BIO's principal activity is to research and commercialise gynecological and other treatments using hemp derived cannabinoids

Genetics's principal activity is to grow and sell improved hemp seed genetics

EKY is a dormant entity

13. Earnings per share (EPS)

	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Earnings used in the calculation of basic and diluted EPS (\$'000)	(18,020)	(45,689)
Weighted average number of shares outstanding during the period used in the calculation of basic and diluted EPS:	Quantity	Quantity
Basic	366,129,116	354,942,741
Diluted	366,129,116	354,942,741

14. Contingent liabilities*EOF Bio litigation*

Various claims have been made against the Group and Directors by former employees in the Court of Chancery for the State of Delaware, USA. The proceedings make claims in relation to the management of EOF Bio Inc. and seeks orders including unspecified damages. The Group moved to dismiss the claims. The Court ruled - in October of 2024 and February 2025 - in favour of the Group and dismissed almost all of the complaint, except for two issues of fact.

One of the former employees has also brought an employment related claim, based on substantially the same allegations, in the United State District Court for the District of Delaware. Ecofibre filed a motion to dismiss In this case as well. Oral arguments were heard in January. The judge has not Issued an opinion. As both matters are still before the courts, no further information has been disclosed as this may prejudice the position of the Group.

Texinnovate

As part of the purchase price of the assets of the Texinnovate portfolio of businesses in August 2020, payouts based on Ecofibre Advanced Technologies, Inc. (formerly known as Hemp Black Inc.) earnings before interest and taxes (EBIT) will occur if vesting conditions are met. The Company has determined that the vesting conditions for the vendor are highly unlikely to be met.

Elixinol Wellness (Byron Bay) Pty Ltd

The Company has been advised by Elixinol Wellness (Byron Bay) Pty Ltd, the purchaser of the food and pet products business of Ananda Food Pty Ltd, that it believes it has a claim in relation to the sale. Ecofibre denies the claim and the parties have referred the matter to an independent expert in accordance with the dispute resolution provisions in the contract.

Personal Property Tax

The Group has received an assessment for Personal Property Tax from the Commonwealth of Kentucky which seeks to adjust tax declared and paid for the period 2019–22 by a group subsidiary entity, Ecofibre Kentucky LLC. The Group does not agree with the Commonwealth's calculation of taxes owed, but has paid the amount it calculated as being underpaid. The parties are still discussing the final calculations.

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15. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's financial assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Consolidated - 31 December 2024				
Assets				
Biological assets	-	-	-	-
Consolidated - 30 June 2024				
Assets				
Biological assets	-	576	-	576
Land and building held for sale		23,941		23,941

The fair value of biological assets is estimated based on the maturity of the plant, the potential output and the estimated grower payments when the crops are harvested.

The fair value of land and buildings has been estimated based on consideration of the direct comparison approach and the income approach.

16. Events after the reporting period

In February, the Lambert Superannuation Fund (Lambert) agreed to extend the term of remaining principal repayments, from \$3.5m previously due on 15 July 2025, to monthly repayments of \$10,000 per month beginning in April 2025, increasing to \$30,000 per month from July 2025 until the loan is fully repaid.

Contract with Under Armour to purchase manufacturing equipment by EAT for US\$4.3m and financed by Under Armour over 36 months at 12% p.a interest will be effective from 1 January 2025. The timing and quantum of loan repayments are dependent on production volumes and the collection of sales revenue.

In February 2025, Thiele agreed to extend the term of remaining principal repayments, with \$0.65m to be repaid on 1 January 2026, \$0.75m to be repaid on 1 January 2027 and \$5.1m to be repaid on 1 January 2028. The interest rate remains at 14% p.a.

Independent auditor's review report to the members of Ecofibre 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 Ecofibre Limited (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 2024 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 2024,
- the consolidated statement of profit or loss and other comprehensive income 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 loss of \$18.020m during the half-year ended 31 December 2024 and had net cash outflows from operations of \$7.290m. 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.

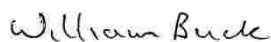
Responsibilities of the directors for the financial report

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 2024 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 (Qld)
ABN 21 559 713 106



J Latif
Director

Brisbane, 19 February 2025