



4 June 2020

### EOF – Provides general business update and withdraws 2<sup>nd</sup> half guidance

- In most major US cities, businesses starting to come out of pandemic-mandated restrictions have now been severely impacted by unfortunate events leading to civil unrest. The duration and extent of the impact on business re-openings, distributor supply chains and business confidence are unknown.
- The addition of this latest crisis in the US will impact Ananda Health's near-term sales and as a result EOF withdraws 2<sup>nd</sup> half guidance.
- Hemp Black launched its Fusion Facemask on April 29th. ~67,000 masks were sold through three major distributors in May with revenues of approximately AUD1.2m.
- Ananda Food achieved British Retail Consortium Global (BRCG) certification for its food processing facility. Three new food nutraceutical products being launched in the US.
- LEEDS Platinum US headquarters in Georgetown, Kentucky is fully operational.

Ecofibre Limited (ASX:EOF, OTC-NASDAQ Intl Designation: EOFBF), today advises that the latest crisis in the US will impact near term sales in its core Ananda Health business. CEO Eric Wang said, "In the US, the early stages of re-opening the economy began in the last two weeks. However, this re-opening is being impacted by a series of very unfortunate and sad incidents that have led to civil unrest across most major US cities. As a result of these events, Ecofibre's major markets will be impacted for an unknown period of time."

"The Company continues to work towards achieving our expected accounting profit, but due to the high degree of uncertainty on business re-openings that impact US sales, it is appropriate to withdraw 2<sup>nd</sup> half guidance at this time."

#### **Market uncertainty will impact Ananda Health's near-term sales.**

The re-ordering by distributors, purchasing groups and pharmacies has become inconsistent due to a challenging retail environment resulting from prolonged restrictions and more recently the civil unrest in most major US cities. The Company has strong confidence in the US hemp-derived CBD market, and we look forward to a return to a level of normality in due course.





### Hemp Black begins distribution of Fusion Facemasks

The Company shifted capacity to meet PPE requirements with a high-quality 3D knitted mask. The masks comprise of Hemp Black Element (our CBD infused yarn) and copper infused yarn to provide anti-microbial and anti-odor properties to this washable mask. The Company views these properties as a key differentiator to the reusable mask segment.

In conjunction with our manufacturing partner TexInnovate, over 67,000 masks were sold in May. The primary channel was via existing Ananda Health distribution partners. Revenues from face masks in May were AUD1.2m with a 50% gross margin. The manufacturing schedule will produce the same amount for the month of June before increasing capacity in July.

A second line of PPE, Hemp Black Fusion/Flex Gaiter (neck gaiter), will be launched this month. This product line will continue to utilise the Hemp Black Element and copper yarn technology to provide the same technical benefits to our customers. This product is focused on providing customers with another more flexible option for personal protection.

### Ananda Food achieves BRCG and launches new product line into the US market

Ananda Food continues to see steady food sales via Woolworths and its Macro branded hemp seed and protein powder. The business also received BRCG certification which is a critical requirement for major retailers globally. A new line of food-based nutraceuticals is being launched this month into the US market via existing US Ananda Health channels.

The product line features both Ananda Food and Hemp Black capabilities. The initial range of products include an activated hemp charcoal capsule, a complete plant protein featuring hemp protein and a vegan omega capsule featuring hemp seed oil.



*Food-based nutraceutical line launched in the US*



## Ecofibre Group focused on growing the business through challenging economic climate

### *US Headquarters*

Ecofibre USA's new HQ was completed this quarter and is fully operational. The new facility has increased capacity, introduced new manufacturing capabilities for Ananda Health and Hemp Black and will improve operational efficiencies across the business.

The LEEDS Platinum building is one of the most sustainable buildings in Kentucky and will be the catalyst for hemp-focused innovation, manufacturing excellence, partner/consumer education on the wide range of benefits of hemp and most importantly a display center for our current and future customers.



The office features a range of Hemp Black applications in its office furniture, carpeting, wall coverings, indoor seating and outdoor furniture. All of the components were manufactured with a range of high-end partners in the United States. Ecofibre and TexInnovate will continue to work closely with these partners as the demand for anti-microbial furnishings and applications increases over time.

### *CEO relocation*

Due to the level of business need in the US on Ananda Health and Hemp Black, CEO Eric Wang will remain in the US for the duration of the calendar year and permanently relocate his family to the United States in December. There will be no changes to compensation and no moving costs will be borne by the Company.

Eric Wang states, "My family and I have been blessed to have been able to live in Australia for the past 20 years. Over the past several years, business requirements have kept me in the US for about eight months each year, however, Australia's onerous travel restrictions and quarantine requirements have meant commuting to the US is no longer a viable option."



“Once Australian travel restrictions become more manageable, I will resume a regular travel schedule to Australia to manage business requirements. Ecofibre will remain domiciled in Australia and the Ananda Food business will remain in Newcastle with Tasmania being its primary growing region.

### Outlook

As the clear market share leader for hemp-derived CBD in US pharmacies, the Company remains very positive over the medium to long term. However, a series of difficult and unpredictable events has affected our primary US markets and customers.

CEO Eric Wang states, “Whilst I have withdrawn 2<sup>nd</sup> half guidance due to events creating uncertainty in our core market, the Company will continue to work towards achieving its targeted profit but notes that it will be assisted by other accounting income including likely forgiveness of a USD1.1m loan received under the US Paycheck Protection Program (PPP) and other one-off items.”





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### **About Ecofibre**

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

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

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

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

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

### **Authorisation**

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

