

19 July 2023

Update on fibre seed growing operations

Ecofibre Limited (Ecofibre, Company) (ASX:EOF) provides an update on its fibre seed growing operations.

In late 1H23, Ecofibre exported 132 tonnes of hemp fibre planting seed from Australia to customers in the United States.

At the time of dispatch, seed germination rates were tested and exceeded 85%, the industry benchmark. However, subsequent crop germination rates have been low, and it appears that the seed was damaged in transit despite the use of refrigerated containers.

This issue has not previously occurred with Ecofibre's seed exports and is now under investigation with the transport company and Ecofibre's marine transit insurers.

The net financial impact of the seed damage in FY23 and FY24 will be in the order of \$1-2m AUD:

- FY23: sales previously invoiced to affected growers will be credited as at 30 June 2023
- FY24: monies paid by growers will either be refunded or held pending the supply of replacement seed. Grower and insurance claims will also be resolved.

Ecofibre will provide a further update to the market once the Company's insurance claim has been finalised.

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About Ecofibre

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

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

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

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

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

Authorisation

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