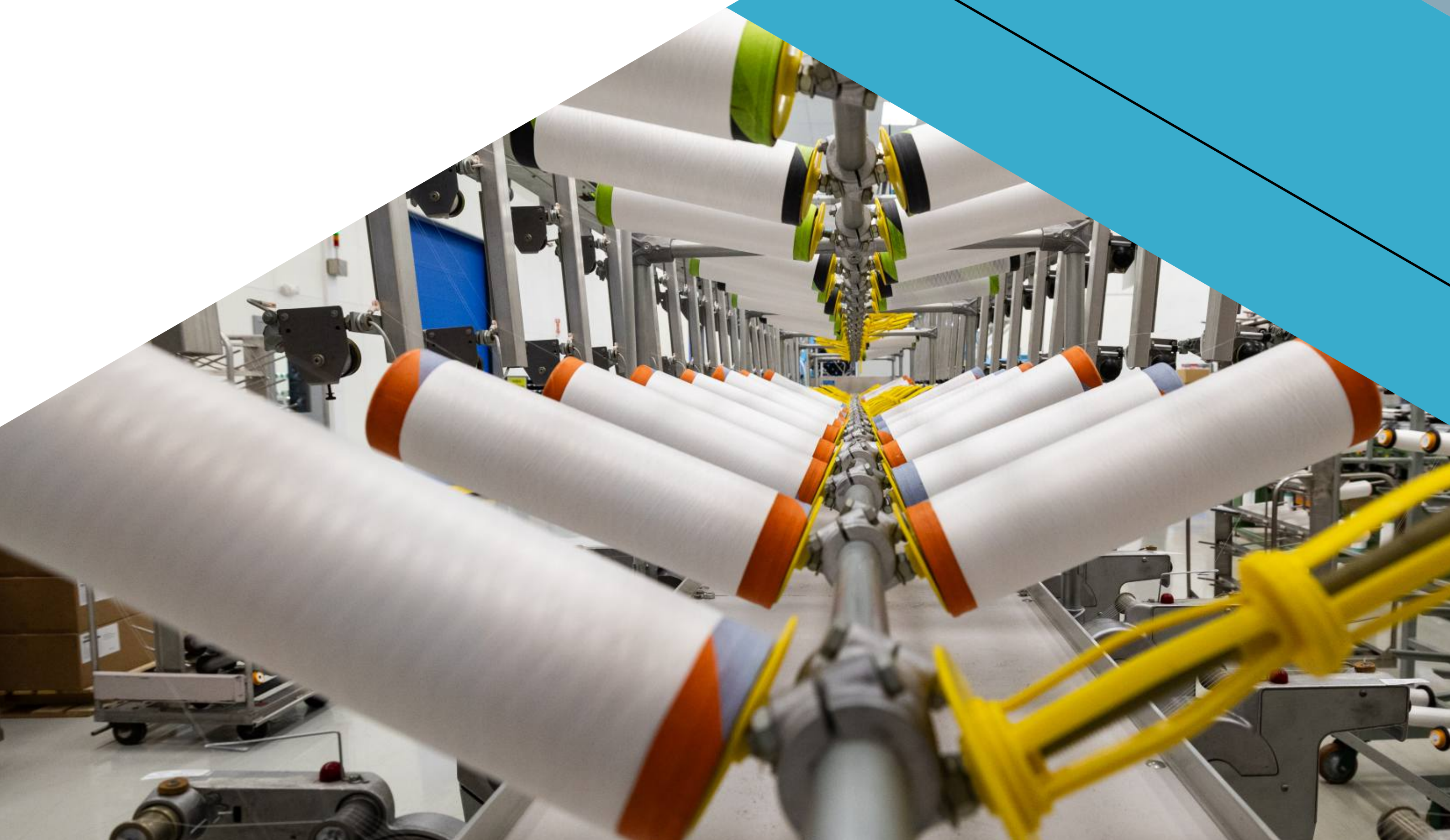
ECOFIBRE

ANNUAL REPORT

2024



ABOUT ECOFIBRE

Ecofibre owns a portfolio of high-quality advanced manufacturing and technology businesses in the United States and Australia.

We operate three vertically integrated businesses focused on sustainable polymers and natural materials, natural health care, and hemp seed genetics. In addition, we own a majority interest in a life sciences business that is developing treatments for malignant and non-malignant gynaecological diseases.

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

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

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

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

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THANK YOU FOR SUPPORTING OUR MISSION TO
ADVANCE THE CLINICAL EVIDENCE OF HEMP EXTRACT

FY24 Highlights

Refocussed business

- Good progress in a transition year
- Remains focused on unlocking the potential of our advanced manufacturing and technology businesses that deliver sustainable solutions in growth markets

Stronger, aligned leadership team

- Strengthened leadership with CEO appointment supported by a highly capable leadership team
- Board and management are aligned on the changes that are necessary to create sustainable value for our shareholders

Progress on Cash Positive Plan

- Cash Positive Plan to transition Ecofibre to a more sustainable business performance
- Addressing balance sheet – reduce risk in asset values and restructure debt

Improved EBITDA*

- $5.9m loss in FY24 (FY23: $13.2m)
- Strong half year improvement trend: $0.9m loss in 2H24 vs $8.6m loss in 1H23

Reset cost base*

- Operating costs down 27% (-$9.0m) to $23.9m in FY24
- FY24 gross margin remained strong: 56%

* Normalised result, excluding impairments, one-off items and EOF Bio

Key FY24 metrics

FY24 RESULT	FY24 RESULT Normalised*	BALANCE SHEET & OTHER METRICS
Revenue down from $30.6m to **$28.0m**	**Revenue** down from $30.6m to **$28.0m**	**Cash** **$6.7m**
Gross Margin up from 33% to **39%**	**Gross Margin** flat at **56%**	**Inventory** down from $9.4m to **$2.6m**
Other Income down from -$2.5m to **-$26.1m**	**Other Income** up from $0.2m to **$0.9m**	**Investment (R&D)** **$2.9m**
Operating Costs down from $32.9m to **$25.5m**	**Operating Costs** down from $32.9m to **$23.9m**	**Investment (Capital)** **$3.0m**
EBITDA down from -$22.4m to **-$39.8m**	**EBITDA** up from -$13.2m to **-$5.9m**	**NTA per share** **4.29cps**
Loss after Tax up from $39.9m to **$45.2m**	**Loss after Tax** improved from $19.4m to **$11.3m**	
EPS **-12.53cps**	**EPS** **-3.13cps**	

* Normalised result, excluding impairments, one off items and EOF Bio

1 Revenue, Gross Margin, Other Income and Opex - excludes Ananda Food

2 EBITDA, Loss after tax and EPS -includes Ananda Food and Minority Interest

Chairman's Message

Dear Shareholders

2024 has been a transition year for Ecofibre - transition in leadership and transition in financial discipline and commercial practices, which are supporting continued improvement in the underlying performance of all operating divisions.

Our goal is to unlock the potential of our advanced manufacturing and technology businesses which are delivering sustainable, high-quality solutions for our customers.

These businesses operate in growing markets for sustainable polymers and natural materials, natural health-care products, hemp seed genetics and the development of cannabinoid-based drugs that improve health outcomes and enhance quality of life.

A Cash Positive Plan was established to transition us to a more sustainable business performance. While challenges remain, we have a clear plan, and are making progress.

We are addressing the balance sheet to ensure our asset values are conservatively realistic and are progressing the comprehensive restructure of our debt.

We have broadened and augmented the leadership team and now have a highly capable team of leaders.

We understand the company's situation, and the board and management are fully aligned on the changes that are necessary to create sustainable value for our shareholders.

Ecofibre's underlying EBITDA loss for FY24 was $5.9m, an improvement from a loss of $13.2m in FY23.

Importantly, trading performance improved in both of Ecofibre's two key business units. Ecofibre Advanced Technologies and Ananda Health were both EBITDA-positive in the second half of the year on a normalised basis.

The overall improvement in trading performance was driven by a significant reduction in normalised operating costs, down $9m from $32.9m to $23.9m.

Revenue declined 9%, from $30.6m to $28.0m. This was mainly due to weak trading in the US CBD market and weaker sales of turf yarn following unseasonal wet weather in southern California, a key market for one of our synthetic turf customers.

The Company's total loss after tax for the period was $45.2m. This included several impairments and one-off items totalling a net $28.6m, the majority of which were recognised in the first half of the year.

We finished the year with cash of $6.7m, which was bolstered in January following asset sales and EOF-Bio completing a funding round.

It's important to highlight that, over the past two years, operating momentum has been steadily improving, largely due to our actions.

In the first half of FY23, our EBITDA loss was $8.6m. We saw that narrow in the second half of FY23 and the first half of this year. In the second half of FY24, we saw EBITDA approaching break-even with a loss of $0.9m – and this included additional compliance, advisory and litigation costs that are not typical.

Overall, there is still much to do across the business, but this is pleasing progress.

Our #1 priority is on returning the business to cash flow positive status.

The Cash Positive Plan we announced in November 2023 has four priorities.

Simplifying by focusing on the core business

Highlights this year included exiting our plastics consulting business in the first half and the sale of Ananda's food business in March for $2.0m.

Lowering operating costs and debt

Our cost reduction performance was a highlight, with another 11% reduction in 2H24, that equates to a cumulative 41% reduction in costs since the 1H23.

Progress on debt reduction has been slower than anticipated. The sale and leaseback of two of the group's freehold properties did not proceed to completion.

As a result, we commenced a debt restructure program at the end of FY24, the first step being to extend the maturity of our secured and unsecured loans providing us time to work with Chiron Financial on a comprehensive debt restructuring plan. We expect to provide investors with a further update on progress during the first half of FY25.

Deliver ongoing revenue growth at Ecofibre Advanced Technologies

Highlights here included our biomedical business resuming production in 2H24, and we commenced commercial production of NEOLAST for Under Armour and for Celanese customers.

This progress was partially offset by lower sales of turf yarn, where our existing production line has been running at approximately half capacity since March 2024. I'm pleased to say that we've recently seen signs of improvement in this market.

Realising value in EOF-Bio.

We also made good progress in FY24 with the appointment of Simon Allen as CEO, a highly capable veteran biotech executive.

Simon has lowered the cost burn in the business, developed the clinical protocol ready for IND submission, extended our partners to include a CRO that will support the Endometriosis Clinical Trial and a capital markets firm that is driving the current EOF-Bio capital raise. Post the financial year end we have also changed the corporate structure, moving from an LLC to an Inc.

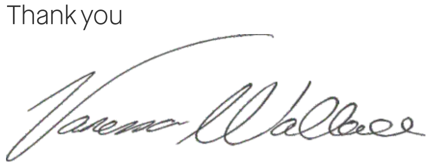
During 2H24 we realized some value from this business by partially selling down Ecofibre's stake, resulting in our 72% majority ownership stake.

These four priorities will continue to guide us in FY25.

With the appointment of Ulrich Tombuelt, who joined us earlier last month, we now have the right leadership group in place. It's a group that is aligned with the CPP and what needs to be done to lead the business profitably into the next era of growth.

And importantly, the group is also setting the right tone for our broader team. Commercial disciplines, customer and supplier engagement, enterprise-wide teamwork and a strong sense of values and day-today behaviours.

Thank you



Vanessa Wallace
Chairman

Managing Director's report

Dear Shareholders,

I'm very pleased to have joined Ecofibre at this pivotal moment in the Company's history.

As I joined Ecofibre a little less than two months ago, my comments will necessarily be brief. However, I want to take this opportunity to introduce myself, provide a few initial impressions from my time so far in the business, and talk about why I am excited about the Company and its future prospects.

As I said in our full year results presentation, it's not my style to speak too much about myself, however I feel some further introduction is warranted.

My background is strongly focussed on textiles and manufacturing, and I've held a number of senior leadership roles in the industry over the last 20 years.

I have spent my life in this business. My father worked in spinning mills in Germany. And I worked in those mills as a vacation job when I was growing up. Following these early experiences, my university studies were in mechanical engineering and textiles, and in the first 5 years of my career I worked in almost 60 countries as I began to build a broad experience in the industry.

I then settled in the United States, where I have lived for the past 20 years, and most recently, I was the CEO of Sattler Corp based in Hudson, North Carolina.

What has attracted me to Ecofibre is the opportunity for innovation in a variety of niche but growing markets.

Since starting in the business, what I've experienced is a great team with great, experienced people - a necessity for the business to increase its significant potential.

For me, it's all about our people, their capabilities, and our ability to work together as a team. Critically, that teamwork starts with the Board, which I have found to be committed and open to change. In all our discussions its clear to me that nothing which moves the Company forward is off the table.

Our people are receptive, engaged and willing to take on more challenges. It's also clear that we can make a step change in our culture by providing our people with more freedom … and more responsibility.

At Ecofibre Advanced Technologies, our largest business, I've been encouraged by the conversations I've held with our customers.

They are interested in the opportunity we provide to supply more sustainable yarns and our reputation for solutions. It will take time, but I know we can do more.

The same is true of our other businesses; Ananda Health, Ecofibre Genetics and EOF-Bio.

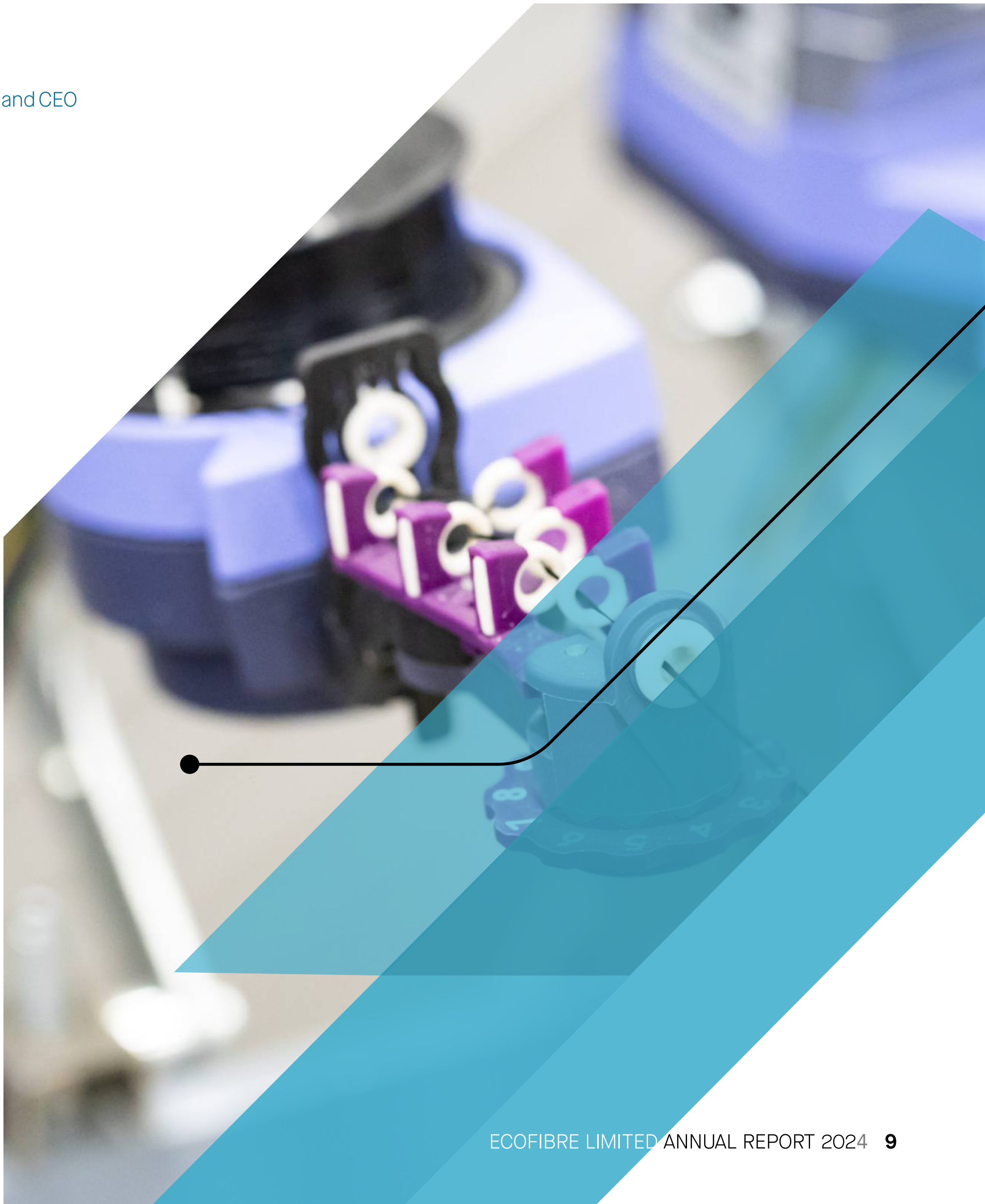
It's nothing new to tell you that the Ecofibre group faces significant challenges. The Company has been very clear about this, and I know that honeymoons don't last long for a new CEO in these situations.

What I can tell you is that we have a strong Cash-Positive Plan, it's delivering results, and I believe we have opportunities to do more and to move faster.

We have a portfolio of niche manufacturing and technology businesses in growing markets. Growing markets for sustainable polymers and natural materials. Growing markets for natural health-care products and hemp seed genetics. And an important opportunity to develop cannabinoid-based drugs to improve health outcomes and enhance quality of life.

I would like to thank shareholders, the Board, and all our team for the opportunity to lead Ecofibre as we look to capitalise on the businesses' many capabilities and execute on our growth strategy in a focussed and disciplined manner. I'm very pleased to have joined at this time, and I look forward to meeting many of you in person when I am in Australia for our Annual General Meeting on 16 October.

Ulrich Tombuelt
Managing Director and CEO



Leadership Team

Ulrich (Uli) Tombuelt
Managing Director. CEO and President Ecofibre Advanced Technologies

Uli joined Ecofibre on 5 August 2024 as Managing Director and CEO. Uli has a track record as a successful CEO and operational and commercial business leader. He has created value in multiple manufacturing and distribution businesses, including developing strong customer relationships. Uli has spent most of his career in the textile industry in the United States and Germany and has experience in successfully establishing manufacturing operations in China.

Jonathan Brown
Chief Financial Officer and Joint Company Secretary, Interim Genetics President

Jonathan joined Ecofibre in April 2016 and established the finance and corporate functions of Ecofibre ahead of the Company's ASX listing in March 2019.

Jonathan is a Chartered Accountant with over 25 years commercial experience.

Prior to joining Ecofibre in 2016, Jonathan worked for AMP, the London Stock Exchange and Ferrier Hodgson in a variety of roles including corporate strategy, M&A, senior finance roles and insolvency & reconstruction.

Alex Nance
President, Ananda Health

Alex joined Ananda Health in September 2017 and is responsible for the overall management and delivery of the Ananda product range. He helped to develop the current facility and is also responsible for all aspects of quality control and planning.

Alex's background is in toxicology and chemical production. Prior to joining Ananda he worked at Ethos Laboratories as Laboratory Production Manager and Dubois Chemicals as a chemist. Alex holds a Bachelor of Science in Pharmaceutical Sciences from The Ohio State University.

Simon Allen
CEO EOF-Bio

Simon has 30+ years of global biotechnology experience spanning multiple technology platforms and therapeutic sectors, and has a broad commercial skillset across strategy, operations, drug development, finance, and sell-side business development.

Simon's experience includes 27 partnerships, 7 financings, and 6 scientific publications (some including Biosafety Level 3 work). He has also worked as an equities analyst covering selected companies within the pharmaceutical and medical device sectors.

Robin Sheldon
General Counsel and Joint Company Secretary

Prior to joining Ecofibre, Robin was employed by Thomas Jefferson University as Sr, VP of Jefferson Strategic Ventures, VP of its Innovation Pillar and Associate Counsel. Prior to Jefferson, Robin was a partner at Fox Rothschild, LP, where she specialized in mergers & acquisitions, private equity and intellectual property issues, especially in the biotech area. She was the General Counsel of Half.com, Inc. (acquired by eBay, Inc.), Associate Counsel for Sanchez Computers, and Counsel for SEI Investments. Robin has been an adjunct professor at Temple University's Beasley School of Law, and frequent lecturer on the ethics of Intellectual Property.

Brad Forbes
Ecofibre Advanced Technologies General Manager

Brad joined the business in April 2016, and has over twenty years experience working for advanced manufacturing businesses serving a range of industries, including cleanroom and controlled environments and production of consumable products for pharmaceutical manufacturers, healthcare and med device.

Brad has held a range of positions including sales support, product development, manufacturing roles to Operations Manager. Brad has extensive extrusion experience includes PET spinning/warping for the automotive industry, static dissipative fibers, Injection molding for a med device company, through to his current responsibilities as General Manager of Ecofibre Advanced Technologies.

Kate Douglass
Group Controller & IT

Kate joined Ecofibre in October 2016, and is a Chartered Certified Accountant with over 20 years' experience in corporate accounting and financial management.

Kate has overall responsibility for Ecofibre's IT systems and financial controls.

Prior to joining Ecofibre in 2016 Kate worked as an accountant and controller for companies including One Harvest and British Land.

2.

OPERATING + FINANCIAL REVIEW

Group Overview

GROUP RESULT AUDm

AUDm	FY24	FY23	%
Revenue	28.0	30.6	-9%
Gross Margin*	56%	56%	Oppts
Other Income (Expense)*	0.9	0.2	277%
Operating Costs*	(23.9)	(32.9)	27%
EBITDA*	(5.9)	(13.2)	55%
Investments:			
Research & Development	2.9	4.8	-39%
Capital Expenditure	3.0	1.6	88%

* normalised [1]

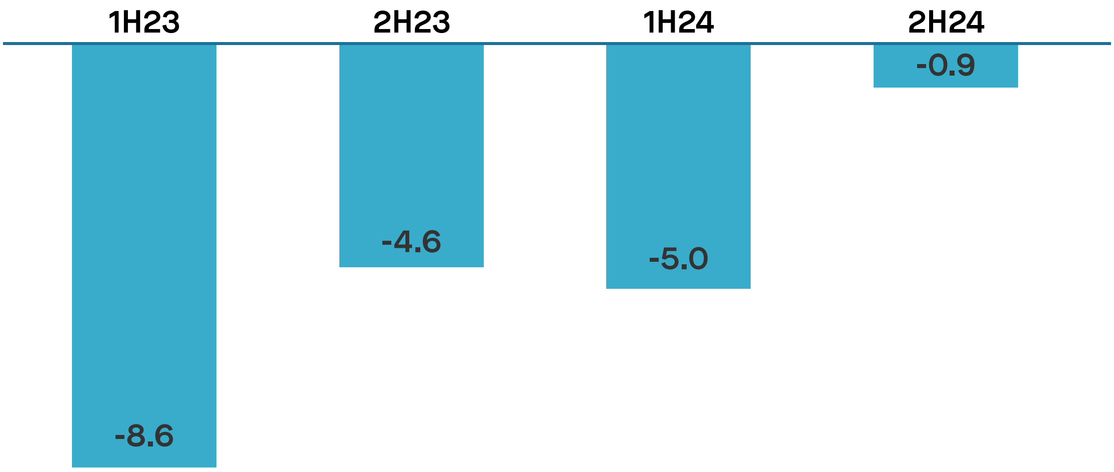
Improved Underlying Business

In the year to 30 June 2024 ('FY24'), the operating performance Ecofibre's business improved significantly, with normalised EBITDA improving from a loss of $13.2m in FY23 to a loss of $5.9 in FY24.

A key driver of the result was a 27% improvement in operating costs, which more than offset a 9% reduction in revenues year on year.

The trend of improved underlying performance is demonstrated by the normalised half-year EBITDA results throughout FY23 and FY24:

Normalised EBITDA ($m)
1H23 to 2H24



1 In this report, normalised items exclude impairments of inventory and fixed and intangible assets, adjustments to Contingent Consideration, loss from sale of Ananda Food, gain from cancellation of Employee Share Scheme interests held by the former CEO and foreign exchange gains or losses in other income

Review of Operations and Results (continued)

Revenue, Direct Costs and Margin

As noted above, Group revenue excluding discontinued operations decreased 9%, from $30.6m to $28.0m (-$2.6m):

- Ecofibre Advanced Technologies (FY24: $17.0m; FY23: $17.3m) - declined by 2% in FY24, which included the impact of lower turf yarn orders from a key customer in 4Q24.

- Ananda Health (FY24: $10.0m; FY23: $13.0m) - revenue declined by 23% in FY24, mainly due to difficult trading conditions in the US CBD market.

- Ecofibre Genetics (FY24: $1.0m; FY23: 0.3m) – revenue grew, however the prior year included in the impact of credits issued to seed customers following damage to fibre planting seed in transit to the USA.

Normalised gross margin (excluding inventory impairments) for the Group was flat at 56%. Within each business segment:

- Ecofibre Advanced Technologies margin down 1% (FY24: 49%; FY23: 50%)

- Ananda Health margin down 2% (FY24: 68%; FY23: 70%)

- Ecofibre Genetics margin was higher (FY24: 50%; FY23: -181%).

Other Income

Normalised Other Income increased from $0.2m in FY23 to $0.9m in FY24.

The FY24 result included $0.5m received from the Group's insurers in relation to prior year seed losses. Neither the prior year seed losses or the corresponding insurance recovery have been normalised in the FY23 or FY24 results.

Operating Expenses

Operating expenses reduced by 27%, from $32.9m to $23.9m (-$9.0m). This was driven by reductions in R&D, staff costs and depreciation. By business segment, the reduction in operating costs was as follows: Ananda Health (-$6.4m), Ecofibre Advanced Technologies (-$2.1m), Ecofibre Genetics (+$0.4m) and Corporate (-$0.9m).

Operating costs also reduced half on half, totalling $12.6m in 1H24 and reducing to $11.3m in 2H24 despite restructuring and litigation costs in that period.

Loss After Tax and Balance Sheet Adjustments

In FY24 Ecofibre incurred a total loss after tax, including discontinued operations and minority interests, of $45.2m (FY23 loss: $39.9m).

The result included net asset impairment charges (-$31.3m), one-off income and expenses (+$2.8m), and separately funded EOF Bio expenses (-$5.2m). These items have been normalised and removed from the results shown in this Operating + Financial Review to show the underlying performance of the business in FY24 and FY23.

Further details on the impairment charges and one-off income and expenses are provided below.

Review of Operations and Results (continued)

1. Pre-tax asset impairment charges (-$31.3m)

Gross Impairment Expense by Asset Type and Business Segment	AUDm	
Inventory		Ananda Health cannabinoid extracts written down to estimated market value if sold as is ($1.1m) and provisions for slow moving, obsolete or expired inventory ($1.7m). Impairments recognised for Ecofibre Advanced Technologies various polymers and yarns ($1.7m)
Ananda Health	2.9	
Ecofibre Advanced Technologies	1.7	
Total	4.6	
Property, Plant and Equipment		Ecofibre Advanced Technologies pyrolysis machine and multi-component yarn extrusion machines written down (-$3.0m). Partial impairment recognised against the book value of the Georgetown, KY property (-$8.7m).
Ecofibre Advanced Technologies	3.0	
Corporate	8.7	
Total	11.7	
Intangible Assets		Partial impairment of Goodwill that had been recognised on the acquisition of the TexInnovate business in August 2020.
Ecofibre Advanced Technologies	27.0	
Total	27.0	
Total Impairment Expense	**43.3**	

The majority of these impairments ($38.7m) had previously been recognised in the December 2023 half year accounts.

The above impairment loss is partially offset by the reversal of a provision for contingent consideration ($12.0m) that had been recognised since the acquisition of the TexInnovate business, and represents the value of cash consideration that would become payable if the acquired business delivers USD6.0m earnings before interest and tax (EBIT) for two consecutive annual periods by August 2027. Because the acquired business did not report an EBIT profit in FY24, and the need for significant additional capital investment since acquisition, it is considered highly unlikely that these performance conditions will be met.

2. One-off income and expense items (+$2.8m) included:

- Gain from forfeiture and subsequent cancellation of Employee Share Scheme interests held by the former CEO, $3.8m
- Loss on disposal of Ananda Food -$0.8m
- Foreign exchange and other, -$0.3m

Review of Operations and Results (continued)

Cashflows and Balance Sheet

Cash held by the Group as at 30 June 2024 totalled $6.7m, including $2.4m held by EOF Bio.

FY24 cash movements comprised:

- $14.0m operating cash outflows, including $2.8m cash expenditure on R&D and $2.6m interest paid.

  Operating cash outflows improved from the first half to the second half, from -$5.9m in 1H24 to -$4.4m outflow in 2H24 (excluding EOF Bio).

- $0.9m investing cash outflows, including $2.0m sale of Ananda Food offset by investment in new equipment, particularly initial equipment for the second turf yarn line, and equipment commissioning and building modification costs for the Under Armour NEOLAST™ machine ($2.9m).

- $14.3m financing cash inflows, including $4.9m net proceeds from issue of EOF shares, $5.5m for new units issued by EOF Bio, $5.1m from partial sale of investment in EOF Bio, less $1.0m repaid in July 2023 to the James & Cordelia Thiele Trust Fund (J&CTTF).

The value of Inventory and Biological Assets reduced by $6.7m during the period, from $9.9m to $3.2m, including the impact of $4.6m inventory impairment expenses.

Other Current Assets reduced by $1.1m, from $1.5m to $0.4m, mainly due to receipt of the balance of the United States Employee Retention Credits grant received during the year.

Non-current assets reduced by $63.2m during the period, from $97.1m to $33.9m.

- Property, Plant and Equipment reduced by $34.5m to $8.6, mainly due to impairment charges and the reclass of the Group's Land and Buildings held for sale as at 30 June 2024 from non-current to current assets.

- Intangible Assets reduced from $53.7m to $25.3m, reflecting the impairment to the value of goodwill described above.

Current liabilities total $20.8m, up from $6.5m at the beginning of the period. The FY24 balance includes $1.0m due to J&CTTF and $15.0m due to Nubridge Commercial Lending LLC in January 2025 which are now classified as current rather than non-current liabilities.

Non-current liabilities reduced by $28.1m from $37.6m to $9.5m. This reflects the reclassification of the Nubridge loan, and part of the J&CTTF loan, as Current Liabilities, as well as the reversal of the TexInnovate Contingent Consideration Liability previously discussed. The FY24 balance of Non Current Liabilities now includes the non-current portion of the J&CTTF term loan ($6.0m) and Lambert Super Fund loan ($3.5m).

Overall, the Group's net assets reduced from $74.6m to $40.9m during the period, mainly due to the asset impairments described above.

The number of shares on issue increased by 29.9m shares to 365.6m mainly as a result of the institutional placement and share purchase plan (SPP) in August 2023. At the end of the period the Net Tangible Assets per share was 4.29 cps (30 June 2023: 6.28 cps).

The value of net assets, and the Consolidated Statement of Other Comprehensive Income, included a loss of $0.9m in FY24 because US dollar weakened against the Australian dollar, and as a consequence the net assets of the group's US entities were revalued.

Review of Operations and Results (continued)

AUDm

AUDm	FY24	FY23	%
Revenue	17.0	17.3	-2%
Gross Margin*	49%	50%	-1ppts
Other Income (Expense)*	0.2	0.0	nm
Operating Costs*	(9.5)	(11.6)	18%
EBITDA*	0.4	(1.2)	137%
Investments:			
Research & Development	1.2	1.8	-36%
Capital Expenditure	2.9	0.9	222%

* normalised
nm - not meaningful

Ecofibre Advanced Technologies delivered an EBITDA profit of $0.4m in FY24, up from a loss of $1.2m in FY23.

The result was driven by a significant reduction in Operating Costs, down 18% from $11.6m to $9.5m, including lower staff costs and R&D and the impact of unprofitable businesses closed over the last 24 months.

Revenue reduced by 2% during FY24, which included lower turf yarn sales particularly in 4Q24, partially offset by revenue from new customers such as Cruz Foam.

In FY25 the business will focus on scaling commercial production of NEOLAST™ for Under Armour, filling production capacity on its existing turf yarn production line and completing the commissioning and filling production capacity for its second turf yarn line.

Performance apparel yarns

Ecofibre Advanced Technologies has signed a memorandum of understanding with Under Armour for a three-year supply partnership to produce NEOLAST™ yarn, using a polymer developed by Celanese Corporation, for apparel use. The business installed new equipment sourced by Under Armour for the production line at its Greensboro facility in 2Q24, and expects to conclude the purchase of the equipment, an indirect supply agreement with Under Armour, and supply agreements with Under Armour's mills in 1Q25.

Commercial production of NEOLAST™yarn commenced in late 4Q24 and targeting full rate production by 2Q25.

Synthetic turf yarns

Ecofibre Advanced Technologies supplies specialised, textured turf yarns to two of the largest synthetic turf manufacturers in the United States.

Production is typically run at capacity 24/7, and the ongoing focus of the business has been to maximise production volumes and revenues. Industry demand for artificial turf is driven by year-round use for customers, no requirement for watering, mowing, pesticides, herbicides, or fertilizers, and lower maintenance costs. Opportunities may exist in the future to secure additional production capacity in conjunction with a large customer.

In 2H24, the business committed to purchase and install a second turf yarn production line to capitalise on market demand.

However, demand reduced in 4Q24 due to unseasonal wet weather in southern California, a key retail market for one of the key customers of the business, and the line operated at ~50% capacity for most of that period. The customer in question has recently recommenced orders, and the business is monitoring the progressive return of demand.

Review of Operations and Results (continued)

In addition, commissioning of the 2nd turf line, together with associated capital expenditure, has been deferred pending requirement for the additional capacity.

Medical device yarns

Ecofibre Advanced Technologies operates a dedicated, ISO9001 production facility supplying yarn for vascular grafts to a long-term customer, Intervascular SAS which is part of the Getinge AB group.

In the US the product and its manufacture are regulated by the US FDA, and barriers to entry for new suppliers are very high due to the certification process for medical devices.

Intervascular reduced its inventory of yarn in 1H24 due to increased production capacity and greater supply chain certainty, and orders largely ceased during that period. Sales orders and revenues resumed in 2H24.

Sustainable packaging

In early FY24, the business has entered into a three-year agreement with Cruz Foam to manufacture sustainable, bio-degradable packaging foam for Cruz Foam's customers. The product is able to replace polystyrene in several different applications: for further details on Cruz Foam and its products, see cruzfoam.com.

Manufacturing equipment and production materials are supplied by Cruz Foam, and the manufacturing facility is operated by Ecofibre Advanced Technologies at its premises in Greensboro, NC.

Review of Operations and Results (continued)

anandahealth

AUDm

AUDm	FY24	FY23	%
Revenue	10.0	13.0	-23%
Gross Margin*	68%	69%	-1ppts
Other Income (Expense)*	0.0	0.0	0%
Operating Costs*	(8.4)	(14.8)	43%
EBITDA*	(0.8)	(3.8)	79%
Investments:			
Research & Development	0.6	2.7	-78%
Capital Expenditure	-	0.3	-100%

* normalised

Ananda Health has delivered a 79% year on year EBITDA improvement despite ongoing challenging CBD market conditions in the USA. This result included a normalised EBITDA profit of $0.2m in 2H24.

Market overview

The CBD market in the US continues to be challenging, with the lack of regulatory classification from the FDA remaining a barrier to sustainable growth in the industry. Despite hemp-derived CBD being federally legal since December 2018, the FDA is still yet to approve these products as a dietary supplement. The lack of a regulatory classification constrains growth by limiting financial transactions, hampering demand generating activities, and enabling low-quality non-efficacious products to enter the market.

In January 2024, the FDA recognised that existing regulatory frameworks for foods and supplements are not appropriate for CBD and that it would need to work with Congress to develop a new, tailored regulatory framework.

Market growth in the Australia has been stronger for cannabinoids, however mainly focused in high-THC segments (THC, or Tetrahydrocannabinol, is the major psychoactive component in cannabis) and smokable flower formats. Ecofibre does not participate in these markets.

Strategy overview

Ananda Health continued to focus on profitable, cash-positive operations, and, on a normalised basis, delivered positive EBITDA in both of the last two quarters of FY24.

Having reset the cost base, Ananda Health is gradually increasing its investment in sales and marketing to drive sales growth in non-CBD products as well as its core CBD product range.

Ananda Health launched a new, non-CBD product Glunozym, on Amazon USA late in 4Q24. This product is a dietary supplement that can assist with blood sugar control and weight loss management , and can be marketed and sold through distribution channels not currently available to CBD products. The business will continue to increase its focus on CBD and non-CBD products, new channels, and contract manufacturing in FY25.

US manufacturing and distribution

Ananda Health distributes most of its products in the US as Ananda Professional, the premium brand for US independent pharmacies.

The business also targets selected white label clients, utilising the capabilities and capacity of its production facility in Georgetown, Kentucky, and its research-backed product formulation capabilities.

Ananda Health also supplies study material under FDA IND (Investigational New Drug) regulations to support phase 2 clinical studies in cannabinoid science.

Review of Operations and Results (continued)

Revenue in the US declined in FY24, with other US competitors also reporting lower revenues. The US business is positioned for growth through new product formulas, format innovation, high quality standards and a continued strategic focus on adding value to patients and consumers seeking to utilise hemp and other botanicals to improve wellness.

- *Non-CBD Products:* Ananda Health is expanding into new channels with focus on non-CBD products including Glunozym, as detailed above, with the aim to increase the proportion of non-CBD product sales over time.

- *Format Innovation:* Gummy formats continue to drive growth in the dietary supplement market due to their ease of use compared to other formats. The Ananda Professional gummy range follows a benefit-driven naming convention and includes additional active ingredients that are supported by research at therapeutic doses.

  Ananda Health has invested to create an internal gummy manufacturing capability, as quality gummy manufacturers are still relatively scarce in the industry, and the internal capability provides the business with an important capability to control quality, taste and product performance.

- *Pharmacist and Practitioner Recommendations:* Ananda Health remains focused on the professional healthcare market for CBD products, which it targets through high quality standards, research, and highly efficacious product formulation.

  This channel requires investment in education for both practitioners and their customers, and a focus on treatment protocols and technical marketing initiatives. Practitioners have significant influence with their customers, and they typically focus on customers with a high discretionary spend.

- *Quality Standards:* Ananda Health has been certified by the Australian TGA for Active Pharmaceutical Ingredient (API) and is scheduled for an audit in 1H25, with the aim being to extend the product range available in Australia. The certification is a requirement for ongoing Australian medicinal cannabis operations and is also globally recognized as one of the peak quality standards for pharmaceutical manufacturing.

Australia

In Australia, Ananda Health imports CBD dominant (< 0.3% THC) products from its production facility in the US and does not participate in the high-THC or dried flower market segments. Products are distributed through 3rd party distributors who sell product as medicinal cannabis to pharmacies under Schedule 4 and Schedule 8 (S4 and S8) regulations issued by the Australian TGA, via the Special Access Scheme and via prescription through Authorised Prescribers.

ECOFIBRE GENETICS AUDm

AUDm	FY24	FY23	%
Revenue	1.0	0.3	215%
Gross Margin*	50%	-181%	nm
Other Income (Expense)*	0.5	0.0	nm
Operating Costs*	(0.6)	(0.3)	-100%
EBITDA*	0.4	(0.8)	147%
Investments:			
Research & Development	-	0.1	-100%
Capital Expenditure	-	-	-

* normalised
nm - not meaningful

The US market for hemp fibre seed has been growing off a small base, as new industrial applications are developed for hemp stalk (inner 'hurd' and exterior 'fibre') materials. Ecofibre's ECO-MS77 is widely considered to be a premium fibre genetic in the US based on yield and ability to grow in multiple US latitudes.

FY23 was a disappointing year for the genetics business as weather and transport issues contributed to ~$3m lost seed sales. Revenue improved in FY24, and in FY25 the business will continue to focus on building its fibre seed sales in the US. A one-off insurance payout was received in FY24 related to the prior year's insurance claim.

Review of Operations and Results (continued)

EOF Bio AUDm

AUDm	FY24
Revenue	-
Gross Margin*	-
Other Income (Expense)*	-
Operating Costs*	(5.2)
EBITDA*	-
Investments:	
Research & Development	1.1
Capital Expenditure	-

* normalised

EOF Bio was established at the end of FY23 and commenced operation in July 2024.

EOF Bio is a US-based clinical-stage biotechnology company and a majority-owned subsidiary of the Ecofibre Group.

EOF-Bio is focused on the development of a new generation of patient-centred cannabinoid-based drugs to improve health outcomes and enhance quality of life, starting with women's health and endometriosis.

EOF-Bio was established in 4Q23 to commercialize patents and other intellectual property co-developed with The University of Newcastle. The new entity has enabled specialist and dedicated management focus, and the capacity to raise funds from external investors to continue developing and commercialising its portfolio of intellectual property.

With additional patents pending, EOF-Bio now has rights to eight issued patents within Endometriosis, Endometrial Cancer, Ovarian Cancer, Head and Neck Cancer, and Stabilized Compositions.

The new entity raised $0.9m in June 2023 and a further $5.5m in seed capital from new investors through the issue of new units. Following the issue of these units, and the sale of existing units held by the Ecofibre Group in FY24, the Group now holds a 72% economic interest in EOF Bio.

In FY25, EOF Bio is seeking Series A funding to proceed with the next stage of clinical trials, targeting initiation of Phase 2a clinical trial for Endometriosis Associated Pain (EAP) to generate additional human proof- of-concept data for its EOF-001 product.

Review of Operations and Results (continued)

anandafood

AUDm

AUDm	FY23	FY23	%
Revenue	1.7	1.9	-9%
Gross Margin*	25%	15%	-10ppts
Other Income (Expense)*	0.1	0.1	0%
Operating Costs	(1.6)	(2.4)	36%
EBITDA*	(0.6)	(1.2)	48%
Investments:			
Research & Development	-	0.1	-100%
Capital Expenditure	0.1	0.4	-75%

* normalised

The hemp food and animal products business of Ananda Food was sold in 3Q24 for $3.0m, including $2.0m cash paid on completion and up to $1.0m earnout subject to sales of the cat litter product line.

The sale enabled the Group to exit a sub-scale business, increase focus on Ecofibre's core businesses and provide additional funding to enable delivery of its cash positive plan and reduce group financing risk.

In the Group's financial statements, the net financial contribution of the Ananda Food business is separately shown as a Loss after Income Tax from Discontinued Operations.

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 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	• Turning around the business to achieving cash flow positive operations is fundamental to Ecofibre's sustainability and credibility with business partners and investors. 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. This operational focus has been supplemented with tight governance, with weekly cash monitoring, independent external reviews, tight financial controls. 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.
Financing risks	• The Group must refinance its debt that falls due in 2025 while maintaining sufficient capital to fund its operations and growth plans. The Group is currently working with US based financial advisory Group, Chiron Financial, to restructure its term debt with lenders, including ~$16m due for repayment in January 2025.
Strategic risks	• 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. Each business is focused on executing its own strategies to deepen customers engagement and differentiate our products. Twice yearly the businesses 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.

Review of Operations and Results (continued)

EAT Operational Scale-up	• Implementing Ecofibre Advanced Technologies' growth strategy involves the scale-up of innovative product manufacturing, including; successful scaling of NEOLAST™ production for Under Armour, and ensuring the Turf line is running close to maximum capacity before and after the 2nd Turf line is successfully commissioned. 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 capacity remains fully utilised.
Life-science risks	• Life-science research and commercialization is inherently risky, takes time, and requires capital to be invested years ahead of cash value being generated. 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.
Agricultural risks	• 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. 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.
Regulatory risks	• 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. 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.

Review of Operations and Results (continued)

Contractual & Legal risks	• 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. 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. • 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 24 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.
People & culture risk	• 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. There are a number of people programs that support mitigation of this risk. • 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.

Ecofibre published its most recent Governance Report in September 2024.

3. DIRECTORS' REPORT

Board of Directors

Your Board of Directors, as at the date of this report, is profiled below.

Vanessa Wallace
Independent Chairman

Experience and expertise:

Vanessa has a long track record as a director of listed and non-listed companies including Wesfarmers Ltd, SEEK Ltd, Doctor Care Anywhere PLC and Palladium Global Holdings Inc. Her executive career includes almost 30 years as a strategy management consultant, where she focused on financial services, health and consumer product industries, including co-leading the Booz & Company business in Japan for 4 years. Earlier in her career she was a Portfolio Manager with investment bank Schroders. Vanessa is an early-stage investor in the health sector and the founding Chairman of Australian digital health & biotechnology business, Drop Bio Ltd.

Board Committee Memberships
Chairman of the Board
Audit, Risk and Compliance Committee (interim Chair from May 2024)
People and Nominations Committee
Health and Government Relations Committee
EOFBio Inc. Board Director

Qualifications
BCom (UNSW), MBA (IMD, Switzerland)

Other current directorships
Wesfarmers Ltd, SEEK Ltd, Drop Bio Limited

Former directorships in last 3 years
Doctor Care Anywhere PLC
Palladium Global Holdings Inc.

Ulrich Tombuelt
Managing Director. CEO and President
Ecofibre Advanced Technologies

Experience and expertise:

Uli joined Ecofibre on 5 August 2024 as Managing Director and CEO. Uli has a track record as a successful CEO and operational and commercial business leader. He has created value in multiple manufacturing and distribution businesses, including developing strong customer relationships. Uli has spent most of his career in the textile industry in the United States and Germany and has experience in successfully establishing manufacturing operations in China.

Board Committee Memberships
None

Qualifications
Dipl.-Ing. (Niederrhein University)

Other current directorships
None

Former directorships in last 3 years
None

Professor Bruce Robinson
Independent Non-Executive Director

Experience and expertise:

Prof. Robinson has over 25 years leadership experience as a board director, academic physician and scientist across research, healthcare and medicine, and tertiary education. He has extensive experience covering academia, government, public and private health providers, research institutes and philanthropic organisations. He is currently a director of Cochlear, an ASX listed global hearing implants business; MaynePharma, an ASX listed pharmaceutical manufacturer; and QBiotics, a drug development company. From 2015 to 2021 Prof. Robinson has also chaired the Australian Government's National Health and Medical Research Council, and the Medical Benefits Schedule Review Task Force.

Board Committee Memberships
Chairman of Health and Government Relations Committee
Audit, Risk and Compliance Committee
People and Nominations Committee

EOF-Bio Inc. Board Director

Qualifications
MD (USyd), MSc (USyd), FRACP, FAAHMS, FAIRCD

Other current directorships
Cochlear Limited, Mayne Pharma Group Limited and Qbiotics Limited

Former directorships in last 3 years
None.

Michele Anderson
Independent Non-Executive Director

Experience and expertise:

Michele's executive career spans 30 years as an operating business executive, independent director and founder working across the technology, wine and professional services sectors. Her leadership contributions and passion lie in developing and implementing growth strategy, scaling brands and businesses, driving digital growth and transformation, and supporting positive environmental impact and de-carbonisation. She began her career in Australia as a management consultant with Booz Allen and Hamilton and then spent most of her career to date working in the US, including running Shutterfly's US$1B revenue consumer ecommerce business in Silicon Valley and Staples' Print and Marketing Services business across 1,200 US stores. Michele holds bachelor's degrees in Commerce and Law from UNSW, an MBA from Wharton, and a Master of Wine.

Board Committee Memberships
Chair of the People and Nomination Committee
Audit, Risk and Compliance Committee (Chair from March – May 2024)

Qualifications
BCom (UNSW), LLB (UNSW), MBA (Wharton, University of Pennsylvania, USA)

Other current directorships
Baron Philippe de Rothschild, SA
Claranova S.E

Former directorships in last 3 years
None.

Directors' report

Your directors present their report, together with the financial statements, on the consolidated entity consisting of Ecofibre Limited (referred to hereafter as the 'Company') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

Board of Directors

The following persons were directors of Ecofibre Limited during the whole of the financial year and up to the date of this report, unless otherwise indicated:

Vanessa Wallace, Chairman
Prof. Bruce Robinson
Michele Anderson
Eric Wang, Managing Director (until 28 November 2023)
Mark Bayliss (retired 29 March 2024)
Ulrich Tombuelt (appointed on 5 August 2024)

Company Secretaries

Jonathan Brown and Robin Sheldon are the joint company secretaries of the Company. Robin was appointed by the board as a General Counsel and Joint Company Secretary of the Company with effect from 22 January 2021 to act jointly with Jonathan who is the Company's Chief Financial Officer and has been the Company Secretary of the Company since 18 June 2019.

Jonathan Brown is a Chartered Accountant with over 25 years' commercial experience. He has a Bachelors Degree in Accounting, Graduate Diploma in Advanced Accounting and a Graduate Diploma in Finance and Investment from FINSIA.

Robin Sheldon has 30 years experience in corporate law. Prior to joining Ecofibre, Ms. Sheldon was employed by Thomas Jefferson University as Sr, VP of Jefferson Strategic Ventures, VP of its Innovation Pillar and Associate Counsel.

Principal activities

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

Significant changes in the state of affairs in FY24

On 7 July 2023 Ecofibre announced that EOF Bio LLC (EOF Bio) had been established to commercialise patents for the treatment of endometriosis and ovarian cancer. EOF Bio has the exclusive rights to commercialise intellectual property developed by Ecofibre and the University of Newcastle pursuant to an exclusive license agreement. Under the terms of the license agreement, royalties will be payable on any sub-license of the intellectual property to a third party and on any products developed by EOF-BIO or its sub-licensee.

Significant changes in the state of affairs in FY24 (continued)

Ecofibre received notification from the United States Patent and Trademark Office (USPTO) of additional patents being issued;

- o Third patent, US Utility Patent Application No. 18/050,021 Methods of Treating Endometrial Cancer Using Hemp Extract, was issued on 24 October, 2023.
- o Fourth patent, US Utility Patent Application No.[18/049,977 Systems And Methods For Producing Hemp Extracts And Compositions was issued on 2 January 2024.

On 31 July 2023 Ecofibre's Advanced Technologies business announced that it had entered into a memorandum of understanding (MOU) with Under Armour to supply specialty yarn for apparel use. The MOU anticipated a final agreement under which Hemp Black would purchase equipment financed by Under Armour to supply yarn for 3 years.

On 31 July 2023 the Company announced that Ecofibre Advanced Technologies had entered an Agreement with Cruz Foam to manufacture a sustainable, bio-degradable packaging material for its customers.

Ecofibre Advanced Technologies biomedical yarn customer, Intervascular, temporarily suspended the purchase of biomedical yarn during 1H24 in order to reduce inventory levels post COVID-19 due to greater supply chain certainty.

On 16 August 2023 Ecofibre announced that the Board had agreed to extend the term of the earnout agreement from the original acquisition of the TexInnovate group of companies on 24 August 2020 from 5 to 7 years on account of the 2-year COVID-19 disruption.

On 24 August 2023 Ecofibre announced an institutional placement and share purchase plan (SPP) to fund Hemp Black growth. The company subsequently issued 27.8m new shares to institutional investors at $0.18 per share (total: $5.0m) and 1.9m shares to SPP investors at the same price (total: $0.3m). Total SPP funds included $0.12m contributed by directors following approval by shareholders at the Company's annual general meeting held on 23 November 2023.

During the period, Ecofibre refunded $0.8m to US seed growers in relation to seed damaged in transit from Australia to the USA in FY23, and received $0.5m from the related insurance claim.

On 28 November 2023 Ecofibre's managing director & CEO Eric Wang resigned. 7.2m share rights held by the former CEO in the Ecofibre's Employee Share Trust (EST) were cancelled effective on the date of his resignation and returned to the Employee Share Trust. Following this, the Board stepped in to assist management with the day-to-day operations and commenced the search for the new CEO.

On 21 February 2024, Simon Allen was appointed CEO of EOF Bio LLC.

On 5 March 2024, the Company announced that an employee had commenced legal proceedings against the Company, its subsidiary Ecofibre USA Inc, and the directors and officers of the Company in the Court of Chancery for the State of Delaware, USA, which made claims in relation to the management of EOF Bio LLC and seeks orders including unspecified damages. The Company advised that the Board considered that the legal proceedings relied on assertions that are factually incorrect and without foundation, and that it had appointed legal advisers to vigorously defend the proceedings.

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. An additional payment of up to $1.0m may be received subject to cat litter product sales between 1 April 2024 and 30 June 2025.

On 29 March 2024, Mark Bayliss retired as non-executive director.

On 13 May 2024, the Company announced a conditional agreement for the sale and leaseback of its properties in Greensboro, North Carolina. The purchaser subsequently terminated the agreement, and Ecofibre engaged Houston-based investment bank Chiron Financial LLC to support a debt restructuring plan.

Significant changes in the state of affairs in FY24 (continued)

On 24 May 2024, the President of Ecofibre Advanced Technologies, Jeff Bruner, resigned and John Foley was appointed as Interim Group CEO and also President of Ecofibre Advanced Technologies.

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

Matters subsequent to the end of the financial year

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 the loan to 1 January 2025, and that the interest rate on the loan would be increased from 8.49% p.a. to 13.49% effective 1 July 2024.

In July 2024, the Company also reached an agreement with an unsecured lender, the James & Cordelia Thiele Trust Fund, to amend the terms of the loan. Under the revised terms of the loan, $1m repayable on 1 January 2025 and $6m repayable on 15 July 2025 at an interest rate of 11% until 30 September 2024 and 14% thereafter.

Since 31 December 2023, the Company has categorised its 3 properties in the United States as held for sale. Subsequent to year end, and following a review of the Company's financing strategy by Chiron Financial LLC, the Company made the decision to pursue a wholistic recapitalisation of the Company's balance sheet. Accordingly, the properties are no longer being actively marketed for sale.

On 5 August 2024, Ulrich Tombuelt was appointed as Managing Director and CEO for the Group and President of Ecofibre Advanced Technologies Inc.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments

For further information about likely developments in the operations of the Group, refer to the Review of Operations and Result section. The expected results from those operations in future financial years have not been included because they depend on factors such as general economic conditions, the risks outlined and the success of the Group strategies.

Environmental regulation

The Group is subject to and compliant with all aspects of environmental regulations for its business activities. The directors are not aware of any environmental law that is not being complied with.

Ecofibre takes its ESG responsibilities seriously. At its core the business aims to have a positive impact on society and on the environment.

Any current risk from climate change is not considered material, however 'random' high impact weather events such as tornados or floods in the United States could cause significant damage in a short period. The Group's agricultural risk is considered low, as it has a highly diversified growing strategy and maintains sufficient inventory to protect against shortages of hemp inputs in each business.

Ecofibre published its most recent Governance Report on the same date as this annual report.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2024, and the number of meetings attended by each director, were:

Director	Board		ARCC		HGRC		PNC	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Vanessa Wallace	20	20	6	6	1	1	3	3
Eric Wang *	4	4	1***	-	1	1	1	1
Bruce Robinson	19	20	5	6	1	1	3	3
Michele Anderson	19	20	5	6	-	-	3	3
Mark Bayliss **	14	14	4	4	-	-	1***	-

ARCC – Audit, Risk and Compliance Committee
HGRC – Health & Government Relations Committee, final meeting 21 July 2023 following the formation of EOF Bio
PNC – People and Nominations Committee
* until 28 November 2023
** until 29 March 2024
*** attended by invitation

Held: represents the number of meetings held during the time the director was a member of the relevant committee.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the full details of the cover and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

The company was not party to any such proceedings during the year.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 23 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 23 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Dividend

No dividend was declared or paid during the year (FY23: Nil).

Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financials/ Directors' Report) Instrument 2016/191, the amounts in this report are rounded off 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 42 of the annual report.

Auditor

William Buck (Qld) continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Vanessa Wallace	Michele Anderson
Director	Director
16 September 2024	16 September 2024
Sydney	New York

Remuneration report

The remuneration report details the key management personnel (KMP) remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations. It also details the Company's Employee Share Scheme (ESS) available to all employees in the Group.

KMP are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including the Board of Directors and Executive KMP, the CEO and CFO.

Non-Executive KMP
- Vanessa Wallace – independent Chairman
- Prof. Bruce Robinson – independent Director
- Michele Anderson – independent Director
- Mark Bayliss – former independent Director (retired 29 March, 2024)

Executive KMP
- Eric Wang – former Managing Director and CEO (until 28th November, 2023)
- John Foley – Interim CEO (appointed 13 May 2024 and in role through fiscal year end until the new CEO commenced on August 5th, 2024)
- Jonathan Brown – CFO and Joint Company Secretary

The remuneration report is set out under the following main headings:

1. Principles used to determine the nature and amount of remuneration
2. Details of remuneration
3. Service agreements
4. Additional disclosures relating to key management personnel
5. Employee share scheme

1. Principles used to determine the nature and amount of remuneration

The performance of the consolidated entity depends on the quality of its directors and executives. The Board is responsible for recruiting and determining and reviewing remuneration arrangements for its directors and executives.

Executive Remuneration

The executive remuneration approach works in combination with people development programs and company culture.

Total executive compensation includes fixed remuneration and reward-based remuneration, based on position, responsibility and performance. It typically includes a combination of base pay, share-based payments (tenure and performance based), and other benefits such as superannuation and health care which may be country and person specific.

Fixed remuneration is reviewed periodically by the Board based on individual and business performance, the overall performance of the consolidated entity and comparable market remuneration. Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executives.

1. Principles used to determine the nature and amount of remuneration (continued)

Executive Remuneration (continued)

Reward-based remuneration performs several roles, first and foremost to attract, motivate and retain high-quality executives, also to support value-creating decision making over the medium to long term.

The reward framework is designed to align executive reward to shareholders' interests:
- Focus on short and medium-term drivers of shareholder value, that are controllable by Executives such as sales, EBITDA and/or cash generation; and
- Have equity as a core component of retention and incentive plan design; and
- Have room to reward above-plan performance so the team participates in shareholder value growth

Share rights are typically awarded to executives from shares already held in an Employee Share Trust (EST). Once the executive meets time and performance-based conditions, the shares vest. Where these conditions are not met the awarded rights lapse and shares stay to the EST.

Long-term incentives (LTI) include share-based payments and any long service leave that accrues, for example in Australia.

In FY 2024, the proportion of fixed remuneration and at-risk long-term incentives were as follows;

	Fixed remuneration		At risk - LTI	
	2024	2023	2024	2023
Former Managing Director & CEO:				
Eric Wang *	100%	42%	-	58%
Interim CEO:				
John Foley	100%	-	-	-
CFO:				
Jonathan Brown	78%	78%	22%	22%

* The share rights of the former CEO were cancelled during FY24 following his resignation

The detail of FY24 Executive remuneration is outlined in Section 2 of this report. The Board, working with the CEO, reviews senior management remuneration periodically to ensure the remuneration framework is fit for purpose.

Non-Executive Director Remuneration

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by the Company's members in general meeting. In 2017, Shareholders approved a maximum annual aggregate fee pool of $500,000. No increase in this pool has been sought since then.

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. Any changes to directors' fees in FY24 are noted in Section 2 of this report.

In 2021 and 2022, at the AGMs, shareholders approved the issue of 3-year options over shares for non-executive directors with an estimated fair value on date of issue equivalent to 25% of annual director fees. The Directors took the options in lieu of cash fees for a three year period.

All options were granted over unissued fully paid ordinary shares in the Company. Options granted carry no dividend or voting rights. Options vest based on the provision of service over the vesting period whereby the non-executive director becomes beneficially entitled to the option on vesting date. Options are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

The value of options over ordinary shares granted and lapsed for directors as part of compensation during the year ended 30 June 2024 are set in Section 4 of this Report.

1. Principles used to determine the nature and amount of remuneration (continued)

Non-Executive Director Remuneration
In FY 2024, the proportion of fixed remuneration and at-risk long-term incentives were as follows;

	Fixed remuneration		At risk - LTI	
	2024	2023	2024	2023
Chairman:				
Vanessa Wallace	80%	80%	20%	20%
Directors:				
Bruce Robinson	80%	80%	20%	20%
Michele Anderson	64%	78%	36%	22%
Mark Bayliss (retired 29 March 2024)	64%	74%	36%	26%

2. Details of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the tables below.

	Short-term benefits	Termination payments	Post-employment benefits	Long term benefits	Share-based payments		
	Cash salary and fees $	Termination fees $	Super-annuation $	Long service leave $	Equity-settled shares $	Equity-settled options $	Total $
2024							
Non-Executive KMP							
Chairman:							
Vanessa Wallace	146,284	-	3,716	-	-	38,417	188,417
Directors:							
Bruce Robinson	56,250	-	-	-	-	14,406	70,656
Michele Anderson	61,341	-	6,134	-	-	37,676	105,151
Mark Bayliss (retired 29 March 2024)	50,625	-	-	-	-	28,257	78,882
Executive KMP							
CEO:							
Eric Wang (until 28 November 2023)	141,666	100,584	-	-	(3,645,060)*	-	(3,402,810)
John Foley (Interim CEO 13 May 2024 – 3 August 2024)	106,542	-	-	-	-	-	106,542
CFO:							
Jonathan Brown	247,326	-	-	4,194	73,000	-	324,520
	810,034	100,584	9,850	4,194	(3,572,060)	118,756	(2,528,642)

* Due to resignation on 28 November 2023, the service condition attached to the share grant were not met and therefore the rights to shares have been forfeited. $3,645,060 represents the reversal of the cumulative expense recognised in previous periods in relation to unvested share rights.

The Non-Executive Directors, particularly the Chairman, took on additional duties to support the management of the Company starting November 2023, when Eric Wang resigned, through to the appointment of the interim CEO on 13 May 2024. No additional fees were paid for these additional duties over this time period.

2. Details of remuneration (continued)

	Short-term benefits	Post-employment benefits	Long term benefits	Share-based payments		
	Cash salary and fees	Super-annuation	Long service leave	Equity-settled shares	Equity-settled options	Total
	$	$	$	$	$	$
2023						
Non-Executive KMP						
Chairman:						
Vanessa Wallace	150,000	-	-	-	38,417	188,417
Directors:						
Jon Meadmore (retired 20 February 2023)	49,018	-	-	-	(10,084)	38,934
Bruce Robinson	56,250	-	-	-	14,406	70,656
Michele Anderson	69,570	7,305	-	-	21,977	98,852
Mark Bayliss (appointed 1 September 2022)	61,969	-	-	-	21,977	83,946
Executive KMP:						
CEO						
Eric Wang	340,881	-	-	473,988	-	814,869
CFO:						
Jonathan Brown	231,730	5,654	8,663	72,984	-	319,031
	959,418	12,959	8,663	546,972	86,693	1,614,705

3. Service agreements

Remuneration and other terms of employment for executives are formalised in service agreements. The details of these agreements, as at the end of FY24, or as at the date of retirement were as follows:

Name:	Eric Wang
Title:	Former Managing Director and Chief Executive Officer
Agreement commenced / ended:	Commenced: 8 December 2017 Ended: 28 November 2023
Details:	Base salary of US$220,000 per annum, and long term incentives
LTI:	7,200,000 shares are held by the ESS Trustee as potential LTI under the ESS and will vest in tranches upon satisfaction of the following share price hurdles and earliest vesting dates for each tranche. As at 28 November 2023 all three tranches of shares lapsed, returning all shares to the ESS pool.

Share tranches	Share Price Hurdle	Earliest Vesting Date
2,400,000	Share price on ASX of at least $1.50 based on a rolling 30 day volume weighted average price (VWAP) during the period between 1 January 2022 and 31 December 2024	30 June 2022
2,400,000	Share price on ASX of at least $1.83 based on a rolling 30 day VWAP during the period between 1 January 2023 and 31 December 2024	30 June 2023
2,400,000	Share price on ASX of at least $2.17 based on a rolling 30 day VWAP during the period between 1 January 2024 and 31 December 2024	30 une 2024

3. Service agreements (continued)

Name:	John Foley
Title:	Interim CEO
Agreement commenced / ended:	13 May 2024 5 August 2024
Details:	US$10,000 per week

Name:	Jonathan Brown
Title:	CFO and Joint Company Secretary
Agreement commenced:	8 December 2017
Details:	Base salary of US$165,760 per annum, to be reviewed every 12 months from the date of commencement plus long-term incentives

LTI: 1,600,002 shares are held by the ESS Trustee as potential LTI under the ESS and will vest in tranches upon satisfaction of the following share price hurdles and earliest vesting dates for each tranche:

Share tranches	Share Price Hurdle	Earliest Vesting Date
800,001	Share price on ASX of at least $1.83 based on a rolling 30 day VWAP during the period between 1 January 2022 and 31 December 2024	31 July 2022
800,001	Share price on ASX of at least $2.17 based on a rolling 30 day VWAP during the period between 1 January 2024 and 31 December 2024	31 July 2024

4. Additional disclosures relating to key management personnel

Post the end of the period, on 5 August 2024, Ulrich Tombuelt was appointed as CEO and Managing Director. The material remuneration terms of his contract are as follows:

Name:	Ulrich Tombuelt
Title:	CEO & Managing Director
Agreement commenced:	5 August 2024
Details:	Base salary of US$300,000 per year
Tenure based Equity:	3 million shares upon appointment, vesting progressively over 3 years after first year anniversary
Performance based equity:	Shares to be granted when certain market capitalization milestones are realized. Value of share grant will equal 1-3% of value uplift upon achieving milestones. Milestones are measured at any time In the year when the 30 day VWAP triggers share grant.

Ecofibre Market Capitalization Milestone	$50m	$100m	$200m	$300m	$500m	$600m
Value Uplift	$25m	$50m	$100m	$100m	$200m	$100M
Share grant will equal % of value uplift	3%	3%	2%	2%	1%	1%

4. Additional disclosures relating to key management personnel (continued)

KMP Shareholding as at June 30th, 2024

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Net purchased / (sold)	Received on exercising options	Balance at the end of the year^
Ordinary shares				
Vanessa Wallace	605,000	166,667	-	771,667
Michele Anderson	-	166,667	-	166,667
Bruce Robinson	30,000	166,667	-	196,667
Jonathan Brown	2,517,244	-	-	2,517,244
Eric Wang*	15,745,082	-	-	15,745,082
Mark Bayliss**	-	166,667	-	166,667
	18,897,326	666,668	-	19,563,994

^ Where a director ceased to be a director throughout the year, "Balance at the end of the year" reflects the balance of shares as at the date they ceased to be a director.
* Eric Wang ceased to be a member of the KMP, effective 28 November 2023.
** Mark Bayliss ceased to be a member of the KMP, effective 29 March 2024.

No shares were received as remuneration by the directors.

Non- Executive Option holding as at June 30th 2024

The number of options over unissued ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the financial year	Granted as compensation	Expired/forfeited	Balance at the end of the financial year
Options over ordinary shares				
Vanessa Wallace	386,001	-	-	386,001
Bruce Robinson	144,750	-	-	144,750
Michele Anderson	628,491	-	-	628,491
Mark Bayliss	628,491	-	(628,491)	-
	1,787,733	-	(628,491)	1,159,242

Post Mark Bayliss's retirement on 29 March 2024, his 628,491 options lapsed.

None of the options granted are exercisable at 30 June 2024.

Option holder	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $
Mark Bayliss	-	-	107,472

Details of these options are as follows:

Grant date	Expiry date	Exercise price	Balance at the end of the year
1 Dec 2021	7 Oct 2024	$0.83	530,751
1 Dec 2022	7 Oct 2025	$0.22	628,491

There were no other options over unissued ordinary shares apart from the 1,159,242 held by directors. No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Details of shareholder returns are provided below:

	Unit	2020	2021	2022	2023	2024
Share price at year end	$/share	2.22	0.68	0.20	0.21	0.03
Quantity of shares	Qty	305,619,401	326,696,691	335,510,772	335,744,765	365,629,116
Market capitalisation	$'000	678,475	222,154	67,102	70,506	10,969
Revenue	$'000	50,717	28,793	30,220	32,510	29,690
Net profit/(loss) after tax	$'000	13,156	(6,986)	(14,670)	(39,913)	(45,152)
Net assets	$'000	63,001	111,797	109,942	74,647	40,968

Employee share scheme (ESS)

The Board believes that employees should be given the opportunity to become shareholders in our business, and that the share scheme helps engage, retain and motivate employees over the long term, and to encourage alignment with the performance of the Group.

The employee share scheme is an LTI designed to help the Group attract and retain the best staff as we deliver our long-term strategy. These shares will be issued to employees from shares already held by the employee share trust (EST) if employees meet time-based, performance based or time and performance based, vesting hurdles. The time-based hurdles are 1, 2, 3 or 4 years, typically depending on the seniority of the employee.

Key terms of the ESS are:

How is it paid?	Employees are eligible to receive shares if they meet certain time-based, performance-based or time and performance-based vesting hurdles.
How can employees earn, and how is performance measured?	Different vesting conditions are offered to various employees. The conditions include: a. Share price hurdles – earned when share price exceeds a certain level on a 30 days volume weighted average price (VWAP) basis within a certain period. b. Profit-based hurdles – earned when Group or business unit profitability achieve target levels. c. Sales target hurdle– earned when achieving certain sales, gross margin or volume targets. d. Time-based hurdles – earned when employee remains with the Group within 1 to 4 years.
When is performance measured?	The performance measures are tested at the date specific in each offer document.
What happens if an employee leaves?	If an employee resigns or is terminated for cause, any unvested LTI under the ESS are typically forfeited, unless otherwise determined by the Board. If an employee ceases employment during the performance period by reason of redundancy, ill health, death, or other circumstances approved by the Board, the employee may receive a pro-rata number of unvested shares based on achievement of the vesting conditions over the performance period up to the date of ceasing employment (subject to Board discretion).

This concludes the remuneration report, which has been audited.

William Buck
ACCOUNTANTS & ADVISORS

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the directors of Ecofibre Limited

As lead auditor for the audit of Ecofibre Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

— no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Ecofibre Limited and the entities it controlled during the year.

William Buck

William Buck (Qld)
ABN 21 559 713 106

M.Monaghan

M J Monaghan
Partner
Brisbane, 16 September 2024

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4. FINANCIAL STATEMENTS

Consolidated Statement of Profit or Loss
For the year ended 30 June 2024

	Note	2024 $'000	2023 $'000
Revenue		27,984	30,642
Direct costs	5	(16,970)	(20,065)
Gross profit		11,014	10,577
Other income (expense)	4	(26,109)	(2,467)
Other operating expenses	5	(25,475)	(32,932)
Interest expense		(3,056)	(2,876)
Profit (loss) before income tax from continuing operations		(43,626)	(27,698)
Income tax credit (expense)	6	314	(10,007)
Profit (loss) after income tax from continuing operations		(43,312)	(37,705)
Profit (loss) after income tax from discontinued operations	13	(1,840)	(2,208)
Profit (loss) after income tax for the period		(45,152)	(39,913)
Profit (loss) for the period is attributable to:			
Non-controlling interest		(808)	-
Members of the company		(44,344)	(39,913)
		(45,152)	(39,913)
Earnings (loss) per share from continuing operations:			
Basic earnings (loss) per share - cents		(12.02)	(11.23)
Diluted earnings (loss) per share - cents		(12.02)	(11.23)
Earnings (loss) per share from discontinued operations:			
Basic earnings (loss) per share - cents		(0.51)	(0.66)
Diluted earnings (loss) per share - cents		(0.51)	(0.66)
Total earnings (loss) per share:			
Basic earnings (loss) per share - cents		(12.53)	(11.89)
Diluted earnings (loss) per share - cents		(12.53)	(11.89)

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

Consolidated Statement of Other Comprehensive Income
For the year ended 30 June 2024

		2024 $'000	2023 $'000
Profit (loss) after income tax		(45,152)	(39,913)
Other comprehensive profit (loss) for the year:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign controlled entities	34	(945)	2,967
Total comprehensive profit (loss) for the year		(46,097)	(36,946)
Total comprehensive profit (loss) is attributable to:			
Non-controlling interest		(808)	-
Members of the company		(45,289)	(36,946)
		(46,097)	(36,946)

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

Consolidated Statement of Financial Position
As at 30 June 2024

	Note	2024 $'000	2023 $'000
CURRENT ASSETS			
Cash and cash equivalents	7	6,737	7,289
Trade and other receivables	8	3,082	2,885
Inventories	9	2,630	9,380
Biological assets	10	576	568
Other current assets	11	346	1,455
Tax recoverable		61	51
Land and building held for sale	12	23,941	-
TOTAL CURRENT ASSETS		37,373	21,628
NON-CURRENT ASSETS			
Intangible assets	14	25,275	53,680
Right-of-use assets	15	-	305
Property, plant and equipment	16	8,599	43,121
TOTAL NON-CURRENT ASSETS		33,874	97,106
TOTAL ASSETS		71,247	118,734
CURRENT LIABILITIES			
Trade and other payables	17	4,750	5,113
Lease liabilities	15	-	335
Tax payable		36	15
Borrowings	18	15,993	1,000
TOTAL CURRENT LIABILITIES		20,779	6,463
NON-CURRENT LIABILITIES			
Lease liabilities	15	-	92
Contingent consideration	33	-	11,518
Deferred tax liabilities	19	-	407
Borrowings	18	9,500	25,607
TOTAL NON-CURRENT LIABILITIES		9,500	37,624
TOTAL LIABILITIES		30,279	44,087
NET ASSETS		40,968	74,647
EQUITY			
Issued capital	21	120,811	115,673
Other equity	22	9,924	865
Foreign currency translation reserve	34	3,832	4,777
Accumulated losses		(95,911)	(65,917)
Share capital reserve		-	14,300
Share-based payment reserve	30	1,307	4,932
Equity attributable to the members of the company		39,963	74,630
Non-controlling interest	22	1,005	17
TOTAL EQUITY		40,968	74,647

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

Consolidated Statement of Changes in Equity
For the year ended 30 June 2024

Consolidated	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 2022		115,347	-	4,489	14,300	1,810	(26,004)	-	109,942
Loss for the year		-	-	-	-	-	(39,913)	-	(39,913)
Other comprehensive income		-	-	-	-	2,967	-	-	2,967
Total comprehensive income for the year		-	-	-	-	2,967	(39,913)	-	(36,946)
Transactions with owners in their capacity as owners:									
Shares issued		-	865	-	-	-	-	17	882
Share Options exercised		-	-	-	-	-	-	-	-
Share-based payments		346	-	443	-	-	-	-	789
Share issue cost		(20)	-	-	-	-	-	-	(20)
Balance 30 June 2023		115,673	865	4,932	14,300	4,777	(65,917)	17	74,647
Loss for the year		-	-	-	-	-	(44,344)	(808)	(45,152)
Other comprehensive income		-	-	-	-	(945)	-	-	(945)
Total comprehensive income for the year		-	-	-	-	(945)	(44,344)	(808)	(46,097)
Transactions with owners in their capacity as owners:									
Shares issued		5,339	-	-	-	-	-	-	5,339
Share Options cancelled		-	-	(50)	-	-	50	-	-
Contingent consideration written off	33	-	-		(14,300)	-	14,300	-	-
Change in proportion held by non-controlling interest		-	9,059	-	-	-	-	1,796	10,855
Share-based payments		166	-	(3,575)	-	-	-	-	(3,409)
Share issue cost	21	(367)	-	-	-	-	-	-	(367)
Balance 30 June 2024		120,811	9,924	1,307	-	3,832	(95,911)	1,005	40,968

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

Consolidated Statement of Cash Flows
For the year ended 30 June 2024

	Note	2024 $'000	2023 $'000
Cash flows from operating activities			
Receipts from customers		28,749	33,855
Government grants		730	2,629
Payments to suppliers and employees		(40,943)	(45,012)
Interest received		56	165
Interest paid		(2,569)	(2,355)
Income tax paid		(40)	3,808
Net cash flows used in from operating activities	26	(14,017)	(6,910)
Cash flows from investing activities			
Payments for property, plant and equipment		(3,212)	(1,708)
Payments for business acquisition		-	(399)
Receipt from sale of property, plant and equipment		241	495
Receipt from sale of discontinued operations		2,000	-
Other		58	32
Net cash flows used in investing activities		(913)	(1,580)
Cash flows from financing activities			
Proceeds from borrowings		-	9,170
Repayment of borrowings	18	(1,000)	(2,000)
Repayment of lease liabilities	15	(275)	(405)
Proceeds from issue of shares	21,22	10,854	871
Receipt from sale of investment in subsidiary	22	5,130	-
Share issue transaction costs		(367)	-
Net cash flows generated from financing activities		14,342	7,636
Net decrease in cash and cash equivalents held		(588)	(854)
Cash and cash equivalents at the beginning of the financial year		7,289	7,251
Effect of movement in exchange rates on cash held		36	892
Cash and cash equivalents at the end of the financial year	7	6,737	7,289

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

Notes to the financial statements

1. Material accounting policy information

Ecofibre Limited ('the Company' or 'Ecofibre') is a for profit company limited by shares incorporated in Australia. The nature of the operations and principal activities of the Group are described in the Directors' Report.

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.

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

Basis of preparation

The financial statements are general purpose financial statements which have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets, financial liabilities and biological assets for which fair value basis of accounting has been applied.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars in accordance with ASIC Corporation Instrument 2016/191 unless otherwise stated.

a) Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 30.

1. Material accounting policy information (continued)

b) 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 30 June 2024 and results of all controlled entities for the year 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.

c) Foreign currency translation

The financial statements are presented in Australian dollars, which is Ecofibre's functional and presentation currency.

Foreign currency transactions and balances
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair value was determined.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of profit or loss or statement of other comprehensive income.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss if the foreign operation or net investment is disposed.

1. Material accounting policy information (continued)

d) Revenue recognition

The consolidated entity recognised revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods
Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales rebates, returns and trade discounts.

Bill-and-hold arrangements
Bill-and-hold arrangements occur when there is a sale to a customer and the customer requests the consolidated entity to warehouse its products for a period of time until it can accept delivery or arrange transfer of the products to third parties. Revenue from bill-and-hold arrangements is recognised when the customer obtains title and acknowledges control of a product.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Government grants
Government grants relating to costs are recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

1. Material accounting policy information (continued)

e) Income Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

A charge for current income tax expense is recognised based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted throughout the reporting period.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company and consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

f) Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

g) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

1. Material accounting policy information (continued)

h) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 60 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

i) Inventories

Inventories and agricultural produce are valued at the lower of cost and net realisable value on a standard cost basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

j) Biological assets

Biological assets are measured on initial recognition and at the end of each reporting period at their fair value less costs to sell.

k) Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

1. Material accounting policy information (continued)

l) Property, plant and equipment

Plant and equipment
Plant and equipment is measured on the cost basis less accumulated depreciation and impairment losses.

The carrying value of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their net present values in determining recoverable amounts.

Depreciation
Depreciation is calculated on the basis of writing off the net cost of each item of property, plant and equipment over its expected useful life to the entity. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives vary from 3 to 40 years.

m) Intangible assets

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

n) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

1. Material accounting policy information (continued)

o) Employee entitlements

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave, expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured on the basis of when the benefit is expected to be settled.

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

1. Material accounting policy information (continued)

p) Cash and cash equivalents

For purposes of the statement of cash flows, cash includes deposits at call with financial institutions and other highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

q) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and assumes that the transaction will take place either in the principal market or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

r) Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Ecofibre Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

s) Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Ecofibre Limited.

t) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2024. The consolidated entity has assessed the impact of any new or amended Accounting Standards and Interpretations, and concluded that they would not have any material impact.

2. Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

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 year of $45.152m (2023: $39.913m) and net cash outflows from operations were $14.017m (2023: $6.910m). As at 30 June 2024, cash and cash equivalents were $6.737m including cash in EOF Bio ($2.4m). Total cash at 30 June 2023 was $7.289m.

The above factors indicate a material uncertainty exists which may cast significant 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.

2. Critical accounting estimates and judgements (continued)

Going concern (continued)

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 in the short term, reducing financial risk in the medium term, 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 Advanced Technologies (EAT)
4. Realise value in EOF-Bio

The directors believe the Group is able to continue as a going concern after consideration of both the above and the following factors:

- Supported by Houston-based investment bank Chiron Financial LLC (Chiron), repayment dates for Nubridge Commercial Lending LLC (Nubridge) and James & Cordelia Thiele Trust Fund (Thiele) loans were successfully extended from July 2024 to 1 January 2025.
- Over the remainder of 2024, Chiron will work with Ecofibre to renegotiate and extend the Company's term loans and secure new working capital for its operations. The term loans currently outstanding are summarised below:
  - Nubridge - USD10.0m repayable 1 January 2025
  - Thiele - AUD1.0m repayable 1 January 2025, AUD6.0m repayable 15 July 2025
  - Lambert Superannuation Fund - AUD3.5m repayable 15 July 2025
- In 1H24, EAT installed new equipment for the production of NEOLAST™ elastomer yarn for Under Armour. Commercial production commenced in late 4Q24 and the business is targeting full capacity utilisation by the end of 2Q25. In addition, EAT is targeting full utilisation of its existing turf yarn production line by 3Q25, and the installation, commissioning and full utilisation of a 2nd turf yarn production line by late 4Q25. The above are expected to grow operating cash inflows to the business.
- On 5 August 2024 the Company appointed an experienced textiles executive, Mr Ulrich 'Úli' Tombuelt as Managing Director and CEO of the Group and President of EAT. Mr Tombuelt will lead an experienced team to deliver the Company's strategy and cash positive plan.

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.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Provision for impairment of inventories

The provision for impairment of inventories requires a degree of estimation and judgement. The level of the provision is assessed by taking into account recent and expected future sales experience, production requirements, the age of inventories and other factors that affect inventory obsolescence.

2. Critical accounting estimates and judgements (continued)

Taxation
There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities or receivables for anticipated tax issues based on estimates of whether additional taxes will be due or refundable. Where the final tax outcome of these matters is different from the amounts that were actually recorded, such differences will impact the current and deferred tax positions in the period in which such determination is made.

Deferred tax assets are recognised for deductible temporary differences and carried forward tax losses where the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Biological assets
Biological assets, in the form of planted hemp crops, are accounted for under AASB 141 Agriculture, which requires that the assets be measured at fair value less costs to sell. Fair value is determined using a range of judgemental assumptions including cost per area (acre or hectare), total area planted and percentage of maturity of the crops based on estimated harvest dates.

Goodwill
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

3. 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). This includes two new segments identified since the last reporting period (Seed and EOF Bio). The corresponding items of segment information have been restated where necessary for these new segments.

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	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 Genetics	Supply of seed genetics to the hemp fibre and grain industry in the US 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.
Ananda Food (discontinued)	Production and sale of hemp related food and pet products primarily in Australia

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.

3. Operating segments (continued)

Operating segment information

a) Segment performance

Consolidated - 2024	Ecofibre Advanced Techno-logies $'000	Ananda Health $'000	Ecofibre Geneti cs $'000	Ecofibre Corporate $'000	EOF Bio $'000	Ananda Food (discon-tinued) $'000	Total $'000
Revenue							
Sales to external customers	16,980	10,005	999	-	-	1,706	29,690
Total sales revenue	16,980	10,005	999	-	-	1,706	29,690
Government grant	-	-	-	-	-	71	71
Foreign exchange gain (loss)	(22)	(5)	30	(224)	-	(24)	(245)
Interest income	-	-	-	56	-	-	56
Other income	204	36	500	12,036	6	-	12,782
Total revenue and other income	17,162	10,036	1,529	11,868	6	1,753	42,354
Impairment loss – inventory	(1,671)	(2,872)	(49)	-	-	(2)	(4,594)
Impairment loss – equipment & intangible assets	(30,061)	-	-	(8,665)	-	-	(38,726)
Loss on disposal of subsidiary	-	-	-	-	-	(831)	(831)
Other expenses	(18,220)	(11,562)	(1,109)	(4,825)	(5,193)	(2,760)	(43,669)
Loss before income tax	(32,790)	(4,398)	371	(1,622)	(5,187)	(1,840)	(45,466)

Consolidated - 2023	Ecofibre Advanced Techno-logies $'000	Ananda Health $'000	Ecofibre Geneti cs $'000	Ecofibre Corporate $'000	EOF Bio $'000	Ananda Food (discon-tinued) $'000	Total $'000
Revenue							
Sales to external customers	17,333	12,991	317	-	-	1,869	32,510
Intersegment sales	-	-	-	-	-	99	99
Total sales revenue	17,333	12,991	317	-	-	1,968	32,609
Government grant	-	-	9	-	-	94	103
Foreign exchange gain (loss)	(3)	(24)	(6)	(446)	-	15	(464)
Interest income	-	20	-	141	-	-	161
Other income	20	27	-	3,603	-	15	3,665
Total revenue and other income	17,350	13,014	320	3,298	-	2,092	36,074
Impairment loss – inventory	(1,679)	(4,804)	-	-	-	(58)	(6,541)
Impairment loss – equipment & intangible assets	(4,035)	(1,688)	-	(86)	-	(9)	(5,818)
Other expenses	(20,297)	(18,781)	(1,161)	(9,198)	-	(4,085)	(53,522)
Intersegment purchases	-	-	-	-	-	(48)	(48)
Segment profit (loss) before income tax	(8,661)	(12,259)	(841)	(5,986)	-	(2,108)	(29,855)
Intersegment eliminations							(51)
Loss before income tax							(29,906)

3. Operating segments (continued)

b) Segment assets and liabilities

Consolidated - 2024	Ecofibre Advanced Techno-logies $'000	Ananda Health $'000	Ecofibre Genetics$'000	Ecofibre Corporate $'000	EOF Bio $'000	Discontinued operations / assets held for sale Ananda Food $'000	Land & building $'000	Total $'000
Assets								
Segment assets	36,991	2,207	1,069	302	-	-	23,941	64,510
Unallocated assets:								
Cash and cash equivalents								6,737
Total assets								71,247
Liabilities								
Segment liabilities	1,213	681	877	1,226	789	-	-	4,786
Unallocated liabilities:								
Borrowings								25,493
Total liabilities								30,279

Consolidated - 2023	Ecofibre Advanced Techno-logies $'000	Ananda Health $'000	Ecofibre Genetics$'000	Ecofibre Corporate $'000	EOF Bio $'000	Ananda Food $'000	Land & building $'000	Total $'000
Assets								
Segment assets	67,957	7,138	506	837	-	2,295	32,712	111,445
Unallocated assets:								
Cash and cash equivalents								7,289
Total assets								118,734
Liabilities								
Segment liabilities	2,142	1,413	1,535	12,510	-	(120)	-	17,480
Unallocated liabilities:								
Borrowings								26,607
Total liabilities								44,087

c) Geographical information

	Sales to external customers 30 June 2024 $'000	Sales to external customers 30 June 2023 $'000	Geographical non-current assets 30 June 2024 $'000	Geographical non-current assets 30 June 2023 $'000
Australia				
Discontinued	1,706	1,868	-	-
Continuing	1,306	1,249	7	1,371
United States of America				
Discontinued	-	-	-	-
Continuing	26,678	29,393	33,867	95,735
	29,690	32,510	33,874	97,106

4. Other income / (expense) from continuing operations

	2024 $'000	2023 $'000
Government grant and tax incentives	-	10
Foreign exchange gain (loss)	(219)	(479)
Interest	56	161
Impairment loss – equipment *	(3,051)	(2,106)
Impairment loss – building **	(8,665)	-
Impairment loss – goodwill (note 14)	(26,820)	-
Impairment loss – other intangibles ***	(191)	(3,703)
Contingent consideration earnout extension	-	3,484
Contingent consideration written off (note 33)	12,036	-
Other income	745	166
	(26,109)	(2,467)

* FY24 Equipment impairment loss relates to the write down of a pyrolysis machine and multi-component yarn extrusion machine held by Ecofibre Advanced Technologies ($3.0m).

The FY23 Equipment impairment loss related to closure of the Hemp Black garment business, as well as various fixed and intangible assets owned by Ananda Health in line with lower capacity utilisation at its production facility in Georgetown, Kentucky.

** FY24 Building impairment relates to the difference between book value, and an opinion of value prepared by an independent appraiser for the Georgetown, Kentucky production facility, which was held for sale as at 30 June 2024. In accordance with accounting standards, the financial statements do not reflect any increase in value above book value potentially applicable to the two properties in Greensboro, North Carolina.

*** impairment of other intangibles relate to a customer list previously acquired by Ecofibre Advanced Technologies.

5. Expenses from continuing operations

	2024 $'000	2023 $'000
a) Direct costs		
Costs of goods sold	12,264	13,187
Impairment loss – inventory*	4,592	6,506
Other inventory write downs	114	372
	16,970	20,065

* FY24 Inventory impairment loss was recognised to reduce the carrying value of inventories to net realisable value, including:
- Ananda Health: $1.1m for cannabinoid extracts written down to estimated market value if sold as is rather than processed into finished goods, $1.7m for slow moving, obsolete or expired inventory, and
- Ecofibre Advanced Technologies: $1.7m for various polymers and yarns

	2024 $'000	2023 $'000
b) Other operating expenses		
Employees and contractors	12,991	14,399
Share based payments (note 30)	(3,122)	714
Sales and marketing	903	1,226
Travel and accommodation	474	608
Equipment modification and maintenance	1,093	1,202
Short-term and low value lease payments	244	264
Legal fees and compliance	3,718	1,990
Accounting and audit	461	433
Depreciation and amortisation	2,226	3,912
Research and development	2,884	4,656
Bad and doubtful debts	151	11
Other	3,452	3,517
	25,475	32,932

6. Income tax

a) The aggregated amount of income tax attributable to the financial year differs from the prima facie amount calculated on the operating profit. The difference is reconciled as follows:

	2024	2023
Profit/ (loss) before income tax	(45,466)	(29,906)
Prima facie tax (benefit) / tax on (loss) / profit from ordinary activities before income tax at 30% (2023: 30%)	(13,640)	(8,972)
Adjustment for foreign tax rates	651	317
Tax effect of permanent differences:		
- Share based payments	-	26
- Research and development expenses	10	570
- COVID-19 government assistance	-	-
- Know-how amortisation	-	(361)
- Foreign witholding taxes	-	29
- Contingent consideration	127	(687)
- Tax effect of inter-entity eliminations	(481)	5,548
- Other	2,451	156
Change in opening deferred taxes resulting from change in tax rate	-	-
R & D tax rebate received	202	(869)
Currency conversion differences upon consolidation	-	-
Tax over provided in prior period	442	(200)
Deferred tax asset written off	-	14,450
Current year losses for which no DTA is recognised	9,924	-
Income tax (benefit)/ expense	(314)	10,007

6. Income tax (continued)

b) Income tax expense

	2024 $'000	2023 $'000
Current tax	161	248
Deferred tax - origination and reversal of temporary differences	(882)	9,959
Under/(over) provision from previous years		
- Current tax	(68)	1
- Deferred tax	475	(201)
Aggregate income tax expense	(314)	10,007

c) Franking credits

Franking credits available for the subsequent financial year amount to $nil (2023 - $nil). This represents the balance of the franking account as at the end of the financial year adjusted for franking credits that will arise from the payment of any income tax payable as at the end of the year.

The Group has significant carried forward losses available in Australia and the United States which are able to be used to offset future taxable income in both countries. Nevertheless the value of these losses and other timing difference are no longer recognised in the Consolidated Statement of Financial Position as a Deferred Tax Asset pursuant to the requirements of AASB 112 Income Taxes.

The Group will continuously assess the Deferred Tax Asset and make any necessary adjustments based on changes in circumstances and tax legislation.

The group has $27,386k of income tax losses to utilise in Australia and $34,550k of income tax losses to utilise in the USA. An asset has not been recognised in respect of these tax losses at 30 June 2024.

7. Cash and cash equivalents

	2024 $'000	2023 $'000
Cash at bank	6,537	6,942
Term deposits and other cash equivalents	200	347
	6,737	7,289

	2024 $'000	2023 $'000
8. Trade and other receivables		
Trade debtors	3,145	2,842
Allowance for expected credit losses	(94)	(87)
GST receivable	31	130
	3,082	2,885

Allowance for expected credit losses
The consolidated entity has recognised a loss of $136,000 (2023: loss of $11,000) from continuing operations in the profit or loss in respect of the expected credit losses for the year.

Movement in the allowance for expected credit losses are as follows:

Opening balance	87	119
Additional provisions recognised	76	32
Receivables written off during the year as uncollectable	(19)	(48)
Unused amounts reversed	(50)	(16)
Closing balance	94	87

9. Inventories

Finished goods	1,587	2,130
Work in progress	2,156	3,314
Raw materials	2,975	4,399
Provision for impairment	(4,088)	(463)
	2,630	9,380

Summary of inventory by segment:

Ecofibre Advanced Technologies	1,182	2,769
Ananda Health	1,322	4,581
Ananda Food	-	1,964
Ecofibre Genetics	126	66
	2,630	9,380

10. Biological assets

Crops planted	576	568

The risk of crop failure due to weather conditions is managed through planting at different locations and times.

Reconciliation of biological assets:

	2024 $'000	2023 $'000
Crops planted at 1 July	568	579
Harvested and transferred to raw material inventory	(568)	(579)
Crops planted	576	568
Balance at 30 June	576	568

11. Other current assets

	2024 $'000	2023 $'000
Employee retention credit grant	-	654
Prepayments	326	711
Other	20	90
	346	1,455

12. Assets held for sale

In FY24 the Board made the decision to market the Company's three freehold properties in the United States 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.

The Company's properties are expected to be worth more than the loan value. In particular, the market value of the two properties in Greensboro, North Carolina is expected to be significantly higher than book value, offset by a lower market value for the property in Georgetown, Kentucky. As indicated in Note 4 of the financial statements, an $8.7m impairment loss has been recorded to account for the difference between fair value less costs of disposal and book value for the property in Georgetown, Kentucky. Assets held for sale are carried at the lower of these two amounts.

Subsequent to the end of the financial year, the Board engaged Houston-based investment bank Chiron Financial LLC to provide advice on monetising assets, reducing financing risk and funding growth across its businesses, which may include renegotiation, consolidation and extension of existing or new loan facilities.

The value of the assets held for sale are as follows:

	2024 $'000
Land and building held for sale	23,941

13. Discontinued operations

Description:

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. An additional payment of up to $1.0m may be received subject to cat litter product sales between 1 April 2024 and 30 June 2025. As per AASB9 Financial Instruments, no amount has been recognised as a receivable in relation to the additional payment as at 30 June 2024.

Financial performance information:

	2024 $'000	2023 $'000
Revenue	1,706	1,868
Direct costs	(1,279)	(1,706)
Gross profit	427	162
Other income (expense)	46	114
Other operating expenses	(1,457)	(2,439)
Interest expense	(25)	(45)
Profit (loss) before income tax of discontinued operation	(1,009)	(2,208)
Loss on disposal before income tax	(831)	
Income tax expense	-	-
Profit (loss) after income tax of discontinued operation	(1,840)	(2,208)

Cash flow information:

	2024 $'000	2023 $'000
Cash flows used in operating activities	(505)	(491)
Cash flows used in investing activities	(53)	(412)
Cash flows used in financing activities	558	903
Net movement in cash and cash equivalents from discontinued operations	-	-

Carrying amounts of assets and liabilities disposed:

	2024 $'000
Cash and cash equivalents	200
Trade and other receivables	433
Inventories	1,896
Biological assets	267
Other current assets	118
Intangible assets	315
Right-of-use assets	118
Property, plant and equipment	548
Assets classified as held for sale	3,895
Trade and other payables	981
Lease liabilities	152
Liabilities classified as held for sale	1,133
Net assets	2,762

Details of disposal:

Total sale consideration	2,000
Carrying amount of net assets disposed	2,762
Disposal cost	69
Loss on disposal before income tax	(831)
Loss on disposal after income tax	(831)

14. Intangible assets

	2024 $'000	2023 $'000
Goodwill at acquisition date	48,814	48,814
Less: Impairment	(26,820)	-
Foreign currency impact	3,281	4,252
	25,275	53,066
Patents, customer list and trademarks – at cost	302	4,039
Less: Accumulated amortisation	(106)	(378)
Less: Impairment	(191)	(3,047)
Foreign currency impact	(5)	-
	-	614
Software – at cost	-	320
Less: Accumulated amortisation	-	(257)
Less: Impairment	-	(63)
	-	-
Website development – at cost	-	1,129
Less: Accumulated amortisation	-	(527)
Less: Impairment	-	(602)
	-	-
Total intangible assets at cost / acquisition	49,116	54,302
Less: Accumulated amortisation	(106)	(1,162)
Less: Impairment	(27,011)	(3,712)
Foreign currency impact	3,276	4,252
	25,275	53,680

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	Software $'000	Website development $'000	Total $'000
Balance at 1 July 2022	51,093	3,643	82	550	55,368
Additions	-	250	-	224	474
Amortisation	-	(243)	(18)	(174)	(435)
Impairment	-	(3,047)	(63)	(602)	(3,712)
Exchange difference	1,973	11	(1)	2	1,985
Balance at 1 July 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 June 2024	25,275	-	-	-	25,275

14. Intangible assets (continued)

Goodwill impairment testing
Goodwill acquired through business combinations have been allocated to the following cash-generating units:

	2024 $'000	2023 $'000
Ecofibre Advanced Technologies (acquisition of TexInnovate business)	25,275	53,066

The recoverable amount of the consolidated entity's goodwill was determined by a scenario based, value-in-use calculation using a discounted cash flow model based on a 5 year projection period and a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

As at 30 June 2024, the following key assumptions were used in the discounted cash flow model to re-test the recoverable amount of the consolidated entity's goodwill:

- 15% pre-tax discount rate (FY23: 15% pre-tax discount rate) *
- In FY25, key revenue shifts have been estimated as follows:
  - Turf Line 1: approximately 50% utilization, increasing to 100% in January 2025
  - Turf Line 2: new equipment commissioned and utilisation increasing to 100% between April and June 2025
  - Under Armour: full utilization by November 2024 and held flat thereafter
- From FY26, 100% utilisation of turf line 1 & 2 and Under Armour machine
- After FY26, 3% growth rate assumed

* The pre-tax discount rate of 15% has been set using the estimated weighted average cost of capital to equate the present value of future cashflows against the current carrying value of fixed and intangible assets.

Management believes the projected revenue growth rate is prudent and justified.

Management's estimation of increased operating costs is based on estimated cost inflation and an effort by the consolidated entity to contain costs.

There were no other key assumptions.

Based on the above, the impairment charge of $26.8m recognised by the entity as at 31 December 2023 has been retained as the carrying amount of the cash-generating unit exceeded this recoverable amount for the TexInnovate business. The recoverable amount at 31 December 2023 was calculated as $51.57m.

The directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill recoverable amount may decrease.

If net cash inflows are reduced by 19% through the forecast period, with all other assumptions remaining constant then goodwill would need to be impaired. The discount rate would be required to increase to 20% before goodwill would need to be impaired, with all other assumptions remaining constant. Management believes that other reasonable changes in the key assumptions on which the recoverable amount of goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

15. Leases

The Group leases warehouse, factory and administrative facilities. The leases typically run for a period of 2 to 3 years with some leases having the option to renew the lease after that date. Lease terms are renegotiated upon expiry of each lease to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

The Group leases office equipment with contract terms of 5 years. These leases are for low-value items, and the Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

The weighted average incremental borrowing rate applied to lease liabilities at the date of initial application was 10% (2023: 10%).

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	Farming and processing equipment	Total
2024	$'000	$'000	$'000
Balance at 1 July 2023	305	-	305
Disposals of right-of-use assets	(118)	-	(118)
Depreciation charge for the year	(187)	-	(187)
Exchange difference	-	-	-
Balance at 30 June 2024	-	-	-
2023			
Balance at 1 July 2022	835	3	838
Disposal of right-of-use assets	(96)	-	(96)
Depreciation charge for the year	(438)	(3)	(441)
Exchange difference	4	-	4
Balance at 30 June 2023	305	-	305

ii) Lease liabilities

The lease liabilities are presented as below:

	2024 $'000	2023 $'000
Balance at 1 July	427	930
New leases during the period	-	-
Disposals during the period	(152)	(96)
Payments	(297)	(463)
Interest charges during the period	22	60
Exchange difference	-	(4)
Balance at 30 June	-	427
Lease liability recognised as at 30 June of which are:		
Current lease liabilities	-	335
Non-current lease liabilities	-	92
	-	427

15. Leases (continued)

iii) Amounts recognised in profit or loss

Interest on lease liabilities	22	60
Depreciation charge	187	441

iv) Amounts recognised in statement of cash flows

Cash outflow for leases:		
Financing cash outflow	275	405
Operating cash outflow	22	60

v) Extension options

Some property leases contain extension options exercisable by the Group up to 2 to 3 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.

16. Property, plant, and equipment

	2024 $'000	2023 $'000
Capital work in progress	3,920	3,583
Land	-	3,001
Buildings	-	32,116
Less: accumulated depreciation	-	(2,405)
	-	29,711
Motor vehicles	293	294
Less: accumulated depreciation	(257)	(246)
	36	48
Office equipment	1,581	1,586
Less: accumulated depreciation	(1,568)	(1,509)
	13	77
Plant and machinery	14,110	16,259
Less: accumulated depreciation	(9,480)	(9,558)
	4,630	6,701
Total property, plant and equipment	19,904	56,839
Less: accumulated depreciation	(11,305)	(13,718)
	8,599	43,121

	Capital WIP $'000	Land $'000	Building $'000	Motor vehicles $'000	Office equipment $'000	Plant and machinery $'000	Total $'000
2023 Movement Schedule							
Carrying value 1 July 2022	6,294	2,900	30,253	323	466	6,755	46,991
Additions	1,590	-	-	44	12	126	1,772
Transfer	(3,805)	-	-	-	7	3,798	-
Disposals	-	-	-	(282)	-	(77)	(359)
Impairment	(730)	-	-	-	-	(1,376)	(2,106)
Depreciation	-	-	(802)	(47)	(420)	(2,594)	(3,863)
Exchange difference	234	101	260	10	12	69	686
Carrying value 30 June 2023	3,583	3,001	29,711	48	77	6,701	43,121
2024 Movement Schedule							
Carrying value 1 July 2023	3,583	3,001	29,711	48	77	6,701	43,121
Additions	3,739	-	358	-	7	73	4,177
Transfer	(294)	-	11	-	-	283	-
Disposals	-	-	-	-	-	(5)	(5)
Discontinued operations	(30)	-	-	-	(1)	(517)	(548)
Impairment	(3,051)	-	(8,665)	-	-	-	(11,716)
Transfer to land and building held for sale	-	(2,980)	(20,961)	-	-	-	(23,941)
Depreciation	-	-	(403)	(11)	(70)	(1,882)	(2,366)
Exchange difference	(27)	(21)	(51)	(1)	-	(23)	(123)
Carrying value 30 June 2024	3,920	-	-	36	13	4,630	8,599

17. Trade and other payables

	2024 $'000	2023 $'000
Trade creditors	1,434	2001
Employee entitlements	534	679
Other creditors and accruals	2,782	2,433
	4,750	5,113

18. Borrowings

	2024 $'000	2023 $'000
Current		
Unsecured term loan	1,000	1,000
Secured term loan	14,993	-
	15,993	1,000
Non-current		
Unsecured term loans	9,500	10,500
Secured term loan	-	15,107
	9,500	25,607

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 is 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 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, and the loan is now repayable on 15 July 2025.

Secured term loan
In June 2022, the Group obtained 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.

In April 2024 the terms of the loan were renegotiated as follows: the interest rate on the loan was 8.49% p.a. to 1 July 2024 and 13.49% thereafter. The loan is repayable on 1 January 2025.

19. Deferred tax liabilities

	2024 $'000	2023 $'000
Deferred tax liability comprises temporary difference attributable to:		
Amounts recognized in profit or loss:		
Property, plant and equipment	-	2,081
Carried forward losses	-	(1,674)
Deferred tax liabilities	-	407
Movements:		
Opening balance	407	318
(Credited) / debited to profit or loss	(407)	89
Closing balance	-	407

20. Employee share trust

On 29 June 2018, the Company entered into an Employee Securities Trust Deed with Pacific Custodians Pty Limited (PCPL) to set up an employee share trust (EST). PCPL is the trustee for the EST.

The movement of Ecofibre's shares held in the EST are as follows:

	2024 Number of shares	2023 Number of shares
Balance at 1 July	13,469,786	13,469,786
Shares transferred to EST	-	150,000
Shares issued by the EST to employees as part of the ESS	(225,000)	(150,000)
Balance as at 30 June	13,244,786	13,469,786

21. Issued Capital

	2024 $'000	2023 $'000	2024 Quantity	2023 Quantity
Ordinary shares	120,811	115,673	365,629,116	335,744,765
Movement in ordinary shares				
Opening balance 1 July	115,673	115,347	335,744,765	335,510,772
Shares issued for services rendered	-	108	-	233,993
New shares issue @ $0.18 per share	5,339	-	29,659,351	-
Shares issued by the EST	166	238	225,000	150,000
Shares transferred to EST	-	-	-	(150,000)
Share issue cost	(367)	(20)	-	-
Closing balance 30 June	120,811	115,673	365,629,116	335,744,765

378,873,902 total shares are on issue by the parent entity, which includes 365,629,116 consolidated shares on issue plus shares held by the EST (13,244,786) which have been issued by the parent entity and are eliminated on consolidation.

22. Other equity

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

	2024 $'000	2023 $'000	2024 Quantity	2023 Quantity
Units issued: *				
Preference units	6,429	882	5,265	584
Common units	178	-	30,130	30,000
Total Contribution / Issued	6,607	882	35,395	30,584
Sale of units	5,130	-		
Less: non-controlling interest^	(1,813)	(17)		
	9,924	865		

* In addition to the above, 1,600 incentive units were issued that contain rights to a share in future profits that will vest if commercialisation targets are met. Incentive unitholders do not have voting rights or preference rights and are subject to vesting conditions as set out in the award agreements.

Cash proceeds from issuance of new preference units in FY24 amounted to $5.5m

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

	2024 Quantity	2023 Quantity
Units held by:		
Ecofibre USA Inc.	25,546	30,000
Non-controlling interest	9,849	584
Total units issued	35,395	30,584
Ownership:		
Ecofibre USA Inc.	72.2%	98.1%
Non-controlling interest	27.8%	1.9%
	100%	100%

In 2H24, Ecofibre partially sold its stake in EOF Bio for $5.1m, resulting in a change in the ownership stake. Per AASB10 Consolidated Financial Statements, the proceeds from this sale were recorded directly through equity due to accounting policy shown on Note 1(s).

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:

	2024 $'000	2023 $'000
Non-controlling interest – issued capital	(1,813)	(17)
Non-controlling interest – attribution of accumulated loss	808	-
	(1,005)	(17)

23. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck (Qld), the auditor of the company, its network firms and unrelated firms:	2024 $	2023 $
Audit services – William Buck (Qld)		
- Annual audit	73,000	70,250
- Half year review	20,000	19,000
Audit and review of financial statements	93,000	89,250
Audit services – unrelated firms		
- Annual audit	86,301	86,415
- Half year review	15,158	21,604
	101,459	108,019
Total Audit Services	194,459	197,269
Other services – William Buck (Qld)		
- Review of quarterly reporting and accounting assistance	14,025	12,500
Other services – network firms		
- Preparation of income tax return and business advisory	38,100	19,495
- Transfer pricing review and tax advisory	-	40,895
Total Other Services	52,125	72,890

24. Contingent liabilities and commitments

i) Contingent liability

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 has moved to dismiss the claims. 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. As both matters are before the courts, no further information has been disclosed as this may prejudice the position of the Group.

ELI Seed claim
Environmental Living Industries, LLC seeks damages from the Group for a 2023 seed crop that failed due to a transportation issue that was resolved in the Group's favour. The parties are in settlement negotiations and, therefore, no further information can be disclosed as this may prejudice the position of the parties.

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 requisite Ecofibre Advanced Technologies, Inc. EBIT will not occur.

24. Contingent liabilities and commitments (continued)

i) Contingent liability (continued)

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 are likely to refer the matter to an independent expert in 1Q25 in accordance with the dispute resolution provisions in the contract.

Mr Nice Guy
The Group had sought declaratory judgments regarding a previous agreement in the United States, and as part of the litigation, the defendants asserted various counter claims against the Group. In May 2024 the litigation was closed and all appeals were found in favour of the Group.

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.

ii) Commitment:

	2024 $'000	2023 $'000
Capital expenditure commitments not provided for in the financial statements	1,685	-

25. 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 2024 %	Ownership Interests 2023 %
Ecofibre Services Pty Ltd (ES)	Australia	100%	100%
Ananda Food Pty Ltd (AF)	Australia	-	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%	100%
Ecofibre Advanced Technologies Inc. (EAT) (formerly Hemp Black Inc.)	United States of America	100%	100%
Ecofibre Advanced Technologies Biomedical, LLC (EATB) (formerly Hemp Black Biomedical, LLC)*	United States of America	-	100%
Ecofibre Advanced Technologies Polymer, LLC (EATP) (formerly Hemp Black Polymer, LLC)*	United States of America	-	100%
EOF Distribution Inc. (EOFD)	United States of America	100%	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%	98.1%
Ecofibre Genetics Pty Ltd (Genetics)	Australia	100%	-

ES's principal activity is the provision of group corporate functions and research and development services.
AF's principal activity is the growing, processing and distribution of hemp food products.
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.
EAT's principal activity is to develop and commercialise hemp fibre products.
EATB's principal activity is manufacturing, and sale of customised polymer-based yarns used for internal medical implants and applications.
EATP's principal activity is to provide performance masterbatch and custom compounding to the plastics industry for technical textiles.
EOFD is a special purpose sales and marketing entity for the Ananda Health business in the United States.
EUSARE is a special purpose entity for the securitisation of the loan from Nubridge.
EU is a dormant entity.
BIO's principal activity is to research and commercialise gynaecological and other treatments using hemp derived cannabinoids.
Genetic's principal activity is to grow and sell improved hemp seed genetics.

* Merged into Ecofibre Advanced Technologies Inc. on 9 April 2024.

26. Reconciliation of profit after income tax to net cash flows from operating activities	2024 $'000	2023 $'000
Net profit (loss) after income tax	(45,152)	(39,913)
Depreciation and amortisation	2,660	4,739
Gain from disposal of fixed assets	(149)	(52)
Loss on disposal of Ananda Food Pty Ltd	(831)	-
Impairment of fixed and intangible assets	38,727	5,818
Contingent consideration	(12,036)	(2,478)
Provision for expected credit losses	136	(32)
Share-based payments	(3,205)	681
Movement in foreign exchange	945	173
Unrealised foreign exchange loss	457	(428)
Change in operating assets and liabilities		
Decrease (increase) in assets		
Trade and other debtors	(637)	4,164
Prepayments	267	740
Inventories	4,854	6,322
Biological assets	(275)	11
Deferred tax assets	-	9,670
Tax recoverable	(10)	3,892
Increase (decrease) in liabilities		
Trade creditors	414	(153)
Other creditors and accruals	349	(359)
Interest payable	-	157
Tax payable	21	(16)
Employee entitlements	(145)	65
Deferred tax liabilities	(407)	89
Net cash flows from operating activities	(14,017)	(6,910)

27. Financial risk management objectives and policies

The Group's principal financial instruments comprise receivables, payables and cash and cash equivalents.

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, foreign exchange risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring the levels of exposure to foreign exchange and interest rates and assessments of market forecasts for foreign exchange and interest rates.

Risk exposures and responses

Credit risk
Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's maximum exposures to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Position. The Group minimises concentrations of credit risk in relation to trade receivables by having payment terms of 60 days and receivable balances are monitored on an ongoing basis.

Interest rate risk
The Group's exposure to market interest rates relates primarily to the Group's funds held on term deposits. All interest-bearing liabilities are at fixed interest rates. At the end of the reporting period the Group had the following financial assets exposed to interest rate risk.

	2024 $'000	2023 $'000
Financial Assets		
Cash and cash equivalents	6,737	7,289

The Group's policy is to place funds in interest-bearing accounts and term deposit where the funds are surplus to immediate requirements. The Group's interest rate exposure is reviewed near the maturity date of term deposits, to assess whether more attractive rates are available without increasing risk.

The following sensitivity analysis is based on the interest rate exposures in existence at the end of the reporting period. At 30 June 2024, if interest rates had moved, as illustrated in the table below, with all other variables held constant, profit after tax and equity would have been affected as follows:

	Profit after tax higher/ (lower)		Equity higher/ (lower)	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Consolidated				
+ 1% (100 basis points)	67	73	67	73
- 0.5 % (50 points)	(34)	(36)	(34)	(36)

The movements in profits is due to higher/ (lower) interest income from cash balances. There is no impact on equity other than impact on accumulated losses.

27. Financial risk management objectives and policies (continued)

Liquidity risk

The Group's objective is to maintain sufficient funds to finance its current operations and additional funds to ensure its long-term survival. The Group will rely on increasing sales and operating cashflows to finance ongoing operations. Liquidity risk is monitored through rolling cash flow forecasts that are tabled and reviewed by the Board. Total liabilities are payable as follows:

	2024 $'000	2023 $'000
Less than one year	20,776	6,463
Between one and five years	9,503	37,624
Later than five years	-	-
	30,279	44,087

Foreign currency risk
The Group is exposed to fluctuations in foreign currencies on product sales and purchases of goods and services in currencies other than the Group's functional currency. The group manages this risk by monitoring the level of exposure to foreign currency transactions and forecasting currency requirements through rolling cash flow forecasts.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
Consolidated	2024 $'000	2023 $'000	2024 $'000	2023 $'000
US dollars	14,883	12,512	15,053	5,927

The consolidated entity had net liabilities denominated in foreign currencies of US$170,000 (assets of US$14,883,000 less liabilities of $15,053,000) as at 30 June 2024 (2023: net assets of US$6,585,000). Based on this exposure, had the Australian dollar weakened by 5%/strengthened by 5% against these foreign currencies with all other variables held constant, the consolidated entity's profit before tax for the year would have been $12,700 lower/higher (2023: $497,400 higher/lower). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual foreign exchange loss for the year ended 30 June 2024 was $244,000 (2023: loss of $464,000).

Fair value
The carrying amount of all other recognised financial assets and financial liabilities are considered a reasonable approximation of their fair value due to their short-term nature.

28. Key management personnel disclosures

Compensation
The aggregated compensation made to the key management personnel of the parent entity is set out below:

	2024 $	2023 $
Short-term employee benefits and directors fees	810,034	959,418
Share based payments	(3,453,304)	633,665
Long-term employee benefits	4,194	8,663
Post-employment benefits	9,850	12,959
Termination payment	100,584	-
	(2,528,642)	1,614,705

29. Parent entity information

Set out below is the supplementary information about the parent entity.

	2024 $'000	2023 $'000
Profit (Loss) after income tax	(19,197)	(8,762)
Total comprehensive income	(19,197)	(8,762)
Statement of financial position		
Total current assets	21,735	17,773
Total assets	107,290	122,004
Total current liabilities	6,017	3,887
Total liabilities	24,395	21,358
Equity		
Issued capital	120,811	115,673
Share based payment reserve	1,189	4,932
Share capital reserve	-	14,300
Accumulated losses	(39,105)	(34,259)
Total equity	82,895	100,646

30. Share-based payments

Non-Executive Director (NED) share options

A share option plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may grant options over ordinary shares in the company to the Non-Executive Directors of the consolidated entity. The options are issued for nil consideration and are granted in accordance with the Company's Share and Option Plan, the terms of which were summarized in the Company's 2019 IPO Prospectus.

Set out below are summaries of options granted under the plan:

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
1 Dec 2021	7 Oct 2024	$0.83	530,751	-	-	-	530,751
1 Dec 2022	1 Oct 2025	$0.22	1,256,982	-	-	(628,491)	628,491
Weighted average exercise price			$0.40	$0.00	$0.00	$0.22	$0.50

None of the options granted are exercisable at 30 June 2024.

30. Share-based payments (continued)

Non-Executive Director (NED) share options (continued)

The weighted average remaining contractual life of options outstanding at the end of the financial year was 0.8 years.

	2024 $'000	2023 $'000
Expenses recognized during the year for NED share options	119	87

Employee shares

Employment agreements were signed with key employees who have an impact on the Group's performance. The agreements include clauses which entitled the employees to payment in shares of the Company if certain performance conditions are met.

The expenses recognised for employee services received during the year as part of the employee share scheme are as follows:

	2024 $'000	2023 $'000
Expenses from equity-settled share-based payment transactions from continuing operations	(3,241)*	627
Expenses from equity-settled share-based payment transactions from discontinued operations	(83)	(33)

* An income is recorded as performance conditions have not been met and the employees entitlement were forfeited.

Share-based payment reserve

	2024 $'000	2023 $'000
NED options	197	129
Employee shares	1,110	4,803
Total share-based payment reserve	1,307	4,932

The share-based payment reserve is used to record the cost of equity-settled transactions over the vesting period.

Share-based payment expense from continuing operations

	2024 $'000	2023 $'000
NED options	119	87
Employee shares	(3,241)	627
Total share-based payment expense	(3,122)	714

31. Earnings per share (EPS)

	2024 $'000	2023 $'000
Loss used in the calculation of basic and diluted EPS ($'000)	(45,152)	(39,913)
Weighted average number of shares* outstanding during the period used in the calculation of basic and diluted EPS:		
Basic	360,253,862	335,670,317
Diluted**	360,253,862	335,670,317

* Weighted average number of shares exclude Treasury shares held in the EST.
** Options granted are not included in the diluted weighted average number of shares because they are antidilutive. Adding these options would result in a lower loss per share.

32. Fair value measurement

Fair value hierarchy
The following tables detail the consolidated entity's 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 - 2024				
Assets				
Biological assets	-	576	-	576
Land and building held for sale	-	23,941	-	23,941
Liabilities				
Contingent consideration	-	-	-	-
Consolidated - 2023				
Assets				
Biological assets	-	568	-	568
Liabilities				
Contingent consideration	-	11,518	-	11,518

There were no transfers between levels during the financial year.

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 contingent consideration is estimated based on the discounting of potential future cash outflow to present value. The fair value of land and buildings has been estimated based on consideration of the direct comparison approach and the income approach.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

33. Contingent consideration

On 21 August 2020, the Group completed the acquisition of TexInnovate, a portfolio of five businesses with expertise and capabilities across a broad range of high-performance textile disciplines.

Total potential consideration for the businesses and operating assets is USD42.0m, including contingent consideration with a value up to USD21.0m, is also payable subject to the acquired businesses delivering USD6.0m earnings before interest and tax (EBIT) for two consecutive annual periods within seven years of completion. The earliest that any such consideration may become due is in 3 equal tranches of USD7.0m on the 5th, 6th, and 7th anniversaries after completion, payable in equal proportions of cash and shares. 5,924,925 shares will be issued if the performance targets are met.

Based on the Company's projections, the EBIT target will not be met before the end of the 7th anniversary. As such, the contingent consideration payable in cash and shares has been written off.

Reconciliation of acquisition date contingent consideration payable in cash to the balance at 30 June 2024:

	2024 $'000	2023 $'000
Balance at 1 July fair value^	11,518	13,996
Fair value movement on contingent consideration during the period	614	458
Extension of earnout period*	-	(3,484)
Foreign currency impact	(96)	548
Contingent consideration written off	(12,036)	-
Balance at 30 June 2024	-	11,518

^ The fair value of the contingent consideration is determined based on the probability weighted cash flow projections discounted at the incremental borrowing rate. The inputs used in the valuation falls under level 2 of the fair value hierarchy (inputs other than quoted prices that are observable for the asset of liability, either directly or indirectly).
* To reflect the 2 year interruption due to COVID and the post COVID momentum in the business the earnout period was extended by 2 years, from 5 years to 7 years.

The write off of the contingent consideration payable in shares of $14.3m resulted in a transfer from Share Capital Reserve to Retained Earnings.

34. Foreign currency translation reserve

Foreign currency translation reserve consists of exchange differences arising from translation of foreign subsidiary's financial statements, where the subsidiaries reporting currency differs from that of the consolidated entity's currency. The balance sheet is translated either at historical spot rates or the closing rate at the end of the period. Profit and loss is translated at average rates.

The majority of the Company's business is conducted in Australian and United States dollars. The closing exchange rate for this currency pair changed by 0.7% during the year as the USD depreciated against the AUD (2024: AUD1 for USD0.6670, 2023: AUD1 for USD0.6619).

The foreign currency translation reserve as at 30 June 2024 consists of the following exchange differences:

34. Foreign currency translation reserve (continued)

Balance sheet component	Rate used for translation	$'000
Investment in subsidiaries	Historical spot rate	5,301
Retained earnings	Average rate	(1,469)
Total		3,832

Movement in the foreign currency translation reserve:	$'000
Balance at 30 June 2023	4,777
Exchange differences on translation of foreign controlled entities	(945)
Balance at 30 June 2024	3,832

35. Events after the reporting period

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 an unsecured lender, the James & Cordelia Thiele Trust Fund, to amend the terms of the loan. 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. Under the revised terms of the loan, $1m repayable on 1 January 2025 and $6m repayable on 15 July 2025 at an interest rate of 11% until 30 September 2024 and 14% thereafter.

Since 31 December 2023, the Company had categorised its 3 properties in the United States as held for sale. Subsequent to 30 June 2024, and following a review of the Company’s financing strategy by Chiron Financial LLC, the Company made the decision to pursue a wholistic recapitalisation of the Company’s balance sheet. Accordingly, the properties are no longer being actively marketed for sale.

On 5 August 2024, Ulrich Tombuelt was appointed as Managing Director and CEO for the Group.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Consolidated entity disclosure statement

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Ecofibre Limited	Body corporate	Australia	NA	Australia *
Ecofibre Services Pty Ltd	Body corporate	Australia	100.00%	Australia *
Ecofibre Asia Pacific Pty Ltd	Body corporate	Australia	100.00%	Australia *
Ecofibre Genetics Pty Ltd	Body corporate	Australia	100.00%	Australia *
Ecofibre USA Inc.	Body corporate	United States of America	100.00%	United States of America^
Ananda Hemp Inc.	Body corporate	United States of America	100.00%	United States of America^
Ecofibre Kentucky LLC	Body corporate	United States of America	100.00%	United States of America^
Ecofibre Advanced Technologies Inc.	Body corporate	United States of America	100.00%	United States of America^
EOF Distribution Inc.	Body corporate	United States of America	100.00%	United States of America^
Ecofibre USA RE LLC	Body corporate	United States of America	100.00%	United States of America^
EOF Bio LLC.	Body corporate	United States of America	72.2%	United States of America
Ecofibre Uruguay SA	Body corporate	Uruguay	100.00%	Uruguay

* Ecofibre Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

^ Ecofibre USA Inc. (the 'USA head entity') and its wholly-owned USA subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

5. SIGNED REPORTS

Directors' declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations from the CEO and CFO, required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Vanessa Wallace
Director

16 September 2024
Sydney

Independent auditor's report to the members of Ecofibre Limited

Report on the audit of the financial report

Our opinion on the financial report

In our opinion, the accompanying financial report of Ecofibre Limited (the Company) and its subsidiaries (the Group) is in accordance with the *Corporations Act 2001*, including:

— giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and

— complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What was audited?

We have audited the financial report of the Group, which comprises:

— the consolidated statement of financial position as at 30 June 2024,

— the consolidated statement of profit or loss for the year then ended

— the consolidated statement of other comprehensive income for the year then ended,

— the consolidated statement of changes in equity for the year then ended,

— the consolidated statement of cash flows for the year then ended,

— notes to the financial statements, including material accounting policy information,

— the consolidated entity disclosure statement, and

— the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit 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 & 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of $45.152m (2023: $39.913m) and net cash outflows from operations were $14.017m (2023:$6.910m) during the year ended 30 June 2024. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

	Area of focus (refer also to notes 2 & 14)	How our audit addressed the key audit matter
Impairment Assessment of Goodwill Intangible Assets	Included in the statement of financial position is a goodwill intangible asset balance of $25.3 million as at 30 June 2024. In accordance with *AASB 136 – Impairment of assets* the Group is required to, at least annually, perform an impairment assessment of goodwill and intangible assets that have an indefinite useful life. All intangible assets including goodwill have been allocated to cash generating units ("CGUs"). The recoverable amount of the underlying CGUs are supported by value-in-use calculations which are based on future discounted cash flows models ("DCF Models"). DCF models contain significant judgement and estimation in respect of future cash flow forecasts, discount rate and terminal growth rate assumptions. Changes in certain assumptions can lead to significant changes in the assessment of the recoverable amount. An impairment of $26.820m was recorded during the year. As such this matter has been determined as a key area of focus for our audit.	Our audit procedures included: — A detailed evaluation of the Group's budgeting procedures upon which the forecast is based and testing the principles and integrity of the discounted future cash flow models; — Testing the accuracy of the calculation derived from the forecast model and assessing key inputs to the calculations such as revenue growth, discount rates and working capital assumptions; — Evaluating the work of the expert used by management for the preparation of the model; — Evaluating whether the discount rate used in the model appropriately reflected the risks of the CGU, using the kills and know-how of our inhouse specialists; and — Reviewing the sensitivity analysis of the calculations. We also considered the adequacy of the Group's disclosures in the notes to the financial statements.

Discontinued operations and assets held for sale	Area of focus (refer also to notes 2, 12 & 13)	How our audit addressed the key audit matter
	During the year ended 30 June 2024 the Group disposed of Ananda Food Pty Ltd. Further it made a decision to market the Group's three freehold properties for sale to investors. This required the Group to determine the lower of the fair value less costs of disposal and book value for these properties. Due to the significance of the transactions to the Group's financial position and performance this matter was considered a key audit matter.	Our audit procedures included: — Verified that the accounting treatment of the transactions, including presentation and disclosure was in accordance with the accounting standards; and — Agreed the sale proceeds to the supporting sale agreements. — Performed audit procedures over the balances relating to the disposal of assets at the date of settlement in order to calculate the loss on disposal. — Agreed the fair value of buildings held for sale back to supporting valuation assessments and the agreed the calculation of impairment. We have also assessed the adequacy of disclosures in the notes to the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001,* and

for such internal control as the directors determine is necessary to enable the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

William Buck
ACCOUNTANTS & ADVISORS

Report on the Remuneration Report

Our opinion on the Remuneration Report

In our opinion, the Remuneration Report of Ecofibre Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

What was audited?

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2024.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

William Buck

William Buck (Qld)
ABN 21 559 713 106

M. Monaghan

M J Monaghan
Partner
Brisbane, 16 September 2024

6. SHAREHOLDER AND ASX INFORMATION

Shareholder and ASX Information

Five-year financial history

	2024 $'000	2023 $'000	2022 $'000	2021 $'000	2020 $'000
Summarised income statement					
Sales Revenue*	29,690	32,510	30,220	28,793	50,717
Other income*	(26,894)	(2,353)	2,144	4,951	6,482
Total revenue and other income*	2,796	30,157	32,364	33,744	57,199
Operating profit (loss) before depreciation and amortisation, finance costs and income tax*	(39,781)	(22,407)	(15,296)	(4,580)	19,187
Depreciation and amortisation*	(2,660)	(4,739)	(5,073)	(4,290)	(2,049)
EBIT*	(42,441)	(27,146)	(20,369)	(8,870)	17,138
Net finance costs*	(3,025)	(2,760)	(1,379)	(1,173)	113
Income tax (expense) credit*	314	(10,007)	7,078	3,057	(4,095)
Profit (Loss) after income tax attributable to members of Ecofibre Limited*	(44,344)	(39,913)	(14,670)	(6,986)	13,156
Factors affecting total shareholders return					
Share price at financial year end ($)	0.03	0.21	0.20	0.68	2.22
Total dividends declared (cents per share)	-	-	-	-	-
Basic earnings per share (cents per share)	(12.53)	(11.89)	(4.41)	(2.16)	4.43
Financial position as at 30 June					
Total assets	71,247	118,734	149,554	141,745	84,295
Total liabilities	30,279	44,087	39,612	29,948	21,294
Net assets	40,968	74,647	109,942	111,797	63,001
Net tangible asset per ordinary share ($)	4.29	6.28	13.23	17.64	19.60
Net debt to equity (%)	62%	36%	17%	9%	16%
Total liabilities / total assets (%)	42%	37%	26%	21%	25%

* Includes discontinued operations
^Ecofibre was listed on ASX in March 2019.

Shareholder information

The shareholder information set out below was applicable as at 4 September 2024.

Number of securityholders

There are 4,435 holders of ordinary shares, 3 holders of options (unquoted) over ordinary shares, 7 holders of employee share rights (unquoted), 1 holder of performance rights (unquoted) and 13 holders of EOF BIO units. There were no other classes of equity securities on issue.

Fully paid ordinary shares

Distribution of ordinary shares

Size of shareholding	Number of shareholders	Number of shares	% of shares on issue
1 to 1,000	1,752	842,009	0.22%
1,001 to 5,000	1,339	3,391,994	0.90%
5,001 to 10,000	418	3,256,339	0.86%
10,001 to 100,000	752	23,996,660	6.33%
100,001 and over	174	347,386,900	91.69%
Total	4,435	378,873,902	100.00%
Holding less than a marketable parcel	3,710	10,117,658	

Twenty largest holders of quoted ordinary shares

The names of the twenty largest holders of quoted ordinary shares are listed below:

Name	Number	% of quoted ordinary shares
HSBC Custody Nominees (Australia) Limited	86,483,762	22.83%
Barjoy Pty Ltd	37,688,454	9.95%
Barry Martin Lambert & Joy Wilma Lillian Lambert	34,000,000	8.97%
Phil Warner Pty Ltd	29,883,879	7.89%
Kylie Warner Pty Ltd	18,762,574	4.95%
Thomas Jefferson University	12,178,259	3.21%
Eric Wang	8,644,158	2.28%
Pacific Custodians Pty Limited (Employee Securities TST Unallocated A/C)	7,200,000	1.90%
Warner Research Institute Limited	6,648,700	1.75%
Texsymmetry Inc	6,595,959	1.74%
Pacific Custodians Pty Limited (Employee Securities TST A/C	6,044,786	1.60%
Barry Martin Lambert	5,555,556	1.47%
Yarrawonga Holdings Pty Limited	4,665,159	1.23%
Freshwater Superannuation Fund Pty Limited	4,017,830	1.06%
Troncell Pty Ltd	2,922,078	0.77%
BT Portfolio Services Ltd	2,729,730	0.72%
Eric Wang + Christie Wang (ATF The Ghengis Khan Super Fund)	2,574,423	0.68%
Mr Eric Tse Wang	2,443,829	0.65%
Profitous Pty Ltd	2,164,287	0.57%
Bad Ness Pty Ltd	2,092,858	0.55%
Total	283,296,281	74.77%

Substantial holders

Substantial holders in the Company as disclosed in substantial holding notices given to the Company were as follows:

Name of substantial holder	Number of shares over which interest is held	% of issued capital
Barry Martin Lambert	74,236,900	23.57%
Philip Warner	53,109,243	17.17%
Perennial Value Management Limited (PVM)	52,882,484	14.03%
James William Vicars	30,841,174	9.97%

Unquoted Options

There were 1,159,242 unquoted options over ordinary shares as follows:

Unquoted options – description	Number of options	Number of holders
Non-executive director options expiring 7 October 2024 exercisable @ AU$0.83 per share	530,751	2
Non-executive director options expiring 1 October 2025 exercisable @ AU$0.22 per share	628,491	1
Total	1,159,242	3

Unquoted Employee Share Rights

There are 11,260,002 unquoted performance rights on issue held by 11 holders as follows:

Size of holding	Number of holders	Number of Rights	% of Rights on issue
1-1,000	-	-	0.00%
1,001 – 5,000	-	-	0.00%
5,001 – 10,000	-	-	0.00%
10,001 – 100,000	2	200,000	3.20%
100,001 and above	5	6,050,002	96.80%
Total	7	6,250,002	100.00%

Unquoted Performance Rights

There are 5,924,925 unquoted performance rights on issue as follows:

Unquoted performance rights – description	Number of rights	Number of holders
TexInnovate performance rights – contingent consideration expiring 21 August 2027	5,924,925	1
Total	5,924,925	1

Voting Rights

Ordinary shares carry voting rights on a one-for-one basis. Unquoted options, employee share rights, and performance rights do not carry voting rights.

Units in EOF Bio at 4 September 2024

	Number of common and preferred units	%
Ecofibre Ltd	25,546	72.2%
Non-controlling interest	9,849	27.8%
Total	35,395	100%

In addition to the above, 1,600 incentive units were issued that contain rights to a share in future profits that will vest if commercialisation targets are met.

Voting Rights

Common units carry voting rights, whereas Preferred units and Incentive Units do not.

Investor information

Shareholder services

Ecofibre's share register is maintained by Link Market Services Limited. By visiting the Link Investor Centre, shareholders can:

- View their holding details
- Register to receive Annual Reports electronically
- Access and update information held by the Share Registry
- View information relating to transaction history
- Provide their Tax File Number or ABN
- Download forms, change address details, update communication preferences and add or amend direct credit details.

When you visit the Link Investor Centre, you will need your Security Reference Number (SRN) or Holder Identification Number (HIN) to verify your identity. Your SRN/HIN is available on your holding/transaction and distribution statements.

Recent legislative changes to the Corporations Act 2001 (Cth) mean there are new options for how Ecofibre shareholders receive communications. Ecofibre will no longer send physical meeting documents unless a shareholder requests a copy to be mailed.

Electronic communication has the added advantage of being timelier and more cost-effective, which benefits all shareholders, and Ecofibre encourages all shareholders to provide an email address so we can communicate with you electronically when shareholder notices become available online, for items such as meeting documents, dividend statements, and annual reports.

Shareholders can still elect to receive some or all of their communications in physical or electronic form. To review your communication preference or sign up to receive your shareholder communications via email, please update your details at the Link Investor Centre.

For all other questions, please contact the Registry:

Link Market Services Limited
Level 21, 10 Eagle Street, BRISBANE, QLD, AUSTRALIA, 4000
Share registry telephone: 1300 554 474
registrars@linkmarketservices.com.au
linkmarketservices.com.au

Information on Ecofibre

Ecofibre website

Up-to-date information on the company can be obtained from the company's website ecofibre.com.

Securities Exchange listing

Ecofibre shares are listed on the Australian Securities Exchange under the code EOF.

Share prices can be accessed from major Australian newspapers, on the Ecofibre website, or at asx.com.au.

Privacy

A copy of the Ecofibre Privacy Policy is available on the Ecofibre website.

Ecofibre Investor Relations department

Further information and publications about the company's operations are available by contacting the Investor Relations department via the Ecofibre website.

Corporate directory

Directors
Vanessa Wallace
Prof. Bruce Robinson
Michele Anderson

Company Secretary
Jonathan Brown
Robin Sheldon

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Stock exchange listing
Ecofibre Limited shares are listed on the
Australian Securities Exchange (ASX code: EOF)

Corporate Governance Statement
ecofibre.com/investors/corporate/

ECOFIBRE

ANNUAL REPORT

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