

12 February 2024

Sale of hemp food and animal products business

HIGHLIGHTS

- Conditional agreement to sell the hemp food and animal products business of Ananda Food Pty Ltd to a subsidiary of Elixinol Wellness Limited (EXL)
- Total sale price \$3.0m
 - \$2.0m cash on completion, expected late March 2024
 - \$1.0m earnout subject to cat litter sales growth
- Strategic outcomes
 - exit sub-scale business
 - increase focus on core business and delivery of cash positive plan
 - reduce group financing risk

Ecofibre Limited (Ecofibre, Company) (ASX:EOF) advises that it has entered into a conditional agreement to sell the hemp food and animal products business of Ananda Food Pty Ltd to a wholly owned subsidiary of Elixinol Wellness Limited (EXL).

The agreement provides for the sale of Ecofibre's shareholding in Ananda Food Pty Ltd to EXL for \$3.0m:

- \$2.0m cash payable on completion, expected to occur in late March 2024; and
- \$1.0m earnout subject to the value of cat litter product sales between 1 April 2024 and 30 June 2025.

The sale is expected to complete by the end of March 2024 subject to various conditions, including receipt of 3rd party consents and completion of EXL's fully underwritten rights issue. The price is based on an agreed level of net tangible assets at completion.

Funds from the sale will be used to provide additional working capital for the Ecofibre group as it continues to refine its focus on core businesses and reduce debt.

Ecofibre Chairman Vanessa Wallace said "Ananda Food is currently too small to deliver near term cash profits from its hemp food and pet products business. This sale will deliver a good outcome for Ecofibre's shareholders and enable a sustainable future for the combined business."

"I'd like to acknowledge and thank Kieren Brown and his team at Ananda Food for their dedication and efforts over the years to establish a high quality Australian hemp food business."

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About Ecofibre

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

We operate three vertically integrated businesses focused on sustainable polymers and natural materials, natural health care, plant-based foods and genetics. In addition, we own a majority interest in a pharmaceutical business that is developing treatments for malignant and non-malignant gynecological diseases.

Hemp Black is an advanced manufacturing business with specialist capabilities in performance yarn extrusion and polymer compounding, sustainable materials and bioplastics. See hempblack.com.

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, pain, anxiety, endometriosis, and other gynecological diseases. See anadaprofessional.com and anandahemp.com.au.

EOF Bio LLC owns the rights to commercialise a number of patents for the treatment of gynecological diseases, and continues to grow its portfolio of intellectual property through an active research partnership with the University of Newcastle in Australia.

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

Authorisation

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