



ASX Announcement: 29 August 2019

ELIXINOL GLOBAL LIMITED H1 FY2019 RESULTS REVENUE GROWTH OF 19% ON PCP

KEY HIGHLIGHTS:

- H1 FY2019 group revenue of \$18.3m¹, representing 19% growth on prior corresponding period (PCP) of \$15.4m, driven by continued strong sales in Elixinol branded products;
- Strong balance sheet with net cash of \$47.9m, which will predominantly be used to accelerate US expansion and international growth;
- Continued investment in key areas of the business to increase its distribution of branded products; and
- New Colorado-based production facility is now operational and more than doubles current capacity.

Financial overview¹

A\$m (December year-end)	H1 FY2018	H1 FY2019
Revenue	15.4	18.3 (up 19%)
EBITDA	0.8	(11.0)
NPAT	0.1	(9.8)

Elixinol Global Limited (Elixinol Global or the Company) (ASX:EXL; OTCQX:ELLXF), a global company operating in the industrial hemp and emerging medicinal cannabis sectors, is pleased to release its financial results for the half year ending 30 June 2019 (H1 FY2019).

Revenue growth of 19% on PCP

Elixinol Global reported group revenue of \$18.3m¹ for H1 FY2019 representing 19% growth on the PCP H1 FY2018. Since its IPO on the ASX, Elixinol Global has continuously reported strong sales growth compared with PCP. In line with the Company's shifted focus from low margin, private label products to higher margin branded products, Elixinol has seen 63% revenue growth from Elixinol branded products to \$7.5m in H1 FY2019 (\$4.6m in H1 FY2018).

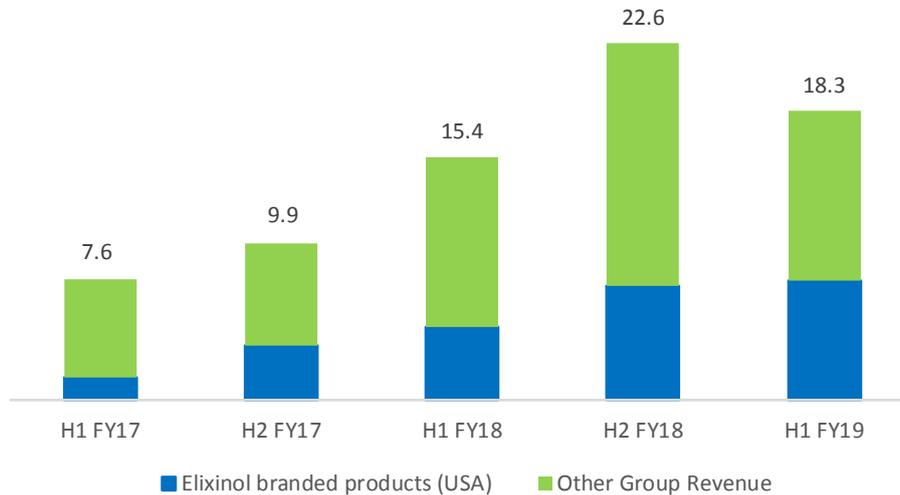
In the March Quarterly Update, the Company communicated its strategic decision to reduce focus on lower margin private label business in the US, to enable increased capacity for the expected future growth of higher margin branded products which would provide the ability to capture further market share. Excluding the private label business, normalised revenue growth for H1 FY2019 would have been reported at 34% on PCP.

¹ All dollar amounts are in AUD unless otherwise stated; Average AUD/USD for H1 FY2019 = 0.7064; Financials are shown on a pro forma basis to include historical financials for Elixinol Japan (statutory financials include Japan only from 29 May 2019).



Revenue

A\$ million, 31 December year end



Elixinol Global's US based wholly owned subsidiary Elixinol LLC (**Elixinol**) continues to gain distribution through the US in nationally recognised retail outlets such as Albertsons / Safeway (launched May 2019). Elixinol's products are currently sold at over 1,000 natural, specialty and conventional national retailers in the US.

As the CBD market in the US continues to experience unprecedented growth, a lack of product regulation and quality standards creates a difficult environment for consumers to make informed choices and certain competitors are offering lower quality products at discounted prices. Elixinol continues to promote consumer education and the highest quality practices in anticipation of an impending Food and Drug Administration (**FDA**) regulatory framework creating appropriate barriers to entry and set standards which are likely to correct the market.

During the period, Elixinol Global has entered into a strategic partnership with RFI, LLC (RFI) to better serve the global market for hemp derived CBD nutraceuticals and functional foods. The partnership provides a number of benefits to Elixinol Global including strengthening the organic supply chain for hemp derived CBD, obtaining quality genetics, implementing leading processing and extraction methods and advancing innovation and product development.

Elixinol also acquired a 25% equity interest in Pet Releaf, the market leading US-based CBD pet products company. Pet Releaf's suite of products are some of the most widely distributed CBD pet products, sold online and through approximately 4,000 retail locations.

These strategic relationships are expected to continue to drive growth in H2 FY2019 revenue.



Elixinol Global's Dutch based wholly-owned subsidiary Elixinol B.V. continues to make strong progress in Europe with co-branded products sold under the "Naturopathica" brand which are now available via Europe's leading health and wellness retailer, Holland & Barrett's online store, HollandandBarrett.com and in over 800 Holland & Barrett retail stores. Created in partnership with prominent UK-based company, PharmaCare, the Naturopathica CBD+ range encompasses six capsule-based SKUs that blend with Elixinol's high strength, full spectrum CBD products with specific vitamins and minerals to target different areas of health and wellbeing. The Company is in the process of fulfilling a second order of 60,000 units which will be recognised in H2 FY2019 revenue.

Strong balance sheet with net cash of \$47.9m

Following a successful \$50m capital raise in early June 2019, the Company is well positioned to drive growth across the business. During H1 FY2019, the Company continued to invest in key areas of the business to pursue its strategy and focus on increasing its distribution of branded products. The focus of investment to date to achieve increased distribution has been growing brand awareness through marketing activities, as well as investing in appropriate supporting infrastructure to be able to capitalise on future demand.

In anticipation of increasing consumer demand and regulatory driven catalysts, the Company significantly increased its inventories and placed sizable deposits for raw material supply contracts in the USA which incurred operating cash outflows of \$17.3m during H1 FY2019. Despite an anticipated significant increase in hemp farming acres across the USA, the Company made the strategic decision to mitigate the risk of typical first and second year crop failures and protect against the potential scarcity of premium quality high-yielding CBD hemp biomass. The Company has long standing relationships with reliable and well-established hemp farmers who utilise leading agricultural practices. Risk of stock obsolescence is mitigated by extracting biomass into CBD oil which then has up to a 3-year shelf life.

The Company continues to deploy capital to accelerate growth of its European business which, during H1 FY2019, incurred \$2.8m net operating cash outflows.

The Company's focus moving forward is to continue to grow distribution of its branded products through investment in marketing, production and other strategic partnerships. In addition to distribution, Elixinol Global will continue to invest in technologies that allow CBD to be more efficacious, cost-effective and useful in formulations with quality and scale.



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About Elixinol Global

Elixinol Global Limited (ASX:EXL; OTCQX:ELLXF) is a global leader in the cannabis industry, selling hemp-derived CBD dietary supplements, hemp food and wellness products, as well as holding a manufacturing licence for medicinal cannabis products. Elixinol Global's businesses include:

- Elixinol LLC (Elixinol), a manufacturer and global distributor of industrial hemp based dietary supplement and skincare products, with operations based out of Colorado, USA;
- Hemp Foods Australia Pty Ltd (Hemp Foods Australia), a leading hemp food wholesaler, retailer, manufacturer and exporter of bulk and branded raw materials, and finished products; and
- Nunyara Pharma Pty Ltd (Nunyara), founded in 2014 to participate in the emerging Australian medicinal cannabis market. Nunyara holds a manufacturing licence and its application for cultivation to the Office of Drug Control is currently pending approval.

See more at www.elixinolglobal.com