



ASX Announcement: 27 January 2020

ELIXINOL GLOBAL LIMITED FY2019 RESULTS 35% GROWTH IN HIGH MARGIN ELIXINOL BRANDED PRODUCTS

Summary:

- Revenue from continuing operations decreased 16% to \$27.2m¹ in FY2019 compared to \$32.5m in FY2018, driven by
 - 35% growth in high margin Elixinol branded and co-branded product sales
 - Elixinol branded product sales represent 59% of FY2019 revenue (37% in FY2018)
 - 34% decline in bulk sales due to influx of cheap, poor quality product and 56% decline in private label sales due to termination of low margin private label contracts
- Actions taken to significantly reduce future cash burn
- Simplified business model to focus on the hemp derived CBD market
- EBITDA from continuing operations (-\$22.9m) in FY2019 compared to +\$1.0m in FY2018
- NPAT of (-\$83.5m) in FY2019 compared to +\$0.9m in FY2018
- Results include non-cash asset impairment charges of \$48.8m due to a reset of expectations including \$39.4m goodwill and \$8.4m for excess inventory provisions
- Growth in the human and pet hemp derived CBD market has underperformed expectations
- Unclear regulatory environment allowing inferior and potentially unsafe hemp derived CBD products creating a crowded and confusing market
- Elixinol brand and product refresh on track to launch in March 2020, expected to drive growth in e-Commerce and Retail sales of high margin Elixinol branded products
- Continued development of global distribution strategy
- Completed investment in infrastructure to drive operating efficiencies and margin improvement
- Bipartisan support in US Congress to resolve hemp derived CBD classification

Elixinol Global Limited (Elixinol or the Company) (ASX:EXL; OTC:ELLXF), a global leader in the hemp derived CBD industry, innovating, manufacturing and selling hemp derived CBD products, releases its preliminary final report for the year ending 31 December 2019 (FY2019).

Outlook

Stratos Karousos, Elixinol Group CEO stated,

“It’s pleasing to see sales of Elixinol branded products have increased 35% in FY2019. This highlights Elixinol’s leadership team are executing on our refined strategy of focusing on high margin Elixinol branded hemp-derived CBD products. Although revenues in Q3 and Q4 FY2019 were disappointing, we undertook swift action to divest non-core assets and simplify the business model. With a continued focus on cost control and the execution of various working capital reduction initiatives, the future quarterly cash burn rate is planned to be lower than historical run rates. Additionally, our operating budget, which is not predicated upon



regulatory development in the US and Europe & UK, provides a pathway towards positive cashflow and increased gross margins.

I am excited about our total brand refresh which will be launched in March 2020. Our Elixinol branded product range has been optimised to suit customer demands and we have a pipeline of new and innovative products which will be launched during 2020.

We will continue to focus on return on investment to enable the company to leverage the significant capital that has been deployed in operations, eCommerce, raw materials and key people. Elixinol's refined strategy on hemp derived CBD in the US, Europe & UK ensures Elixinol is well positioned to grow its high margin branded products, despite prolonged regulatory developments, with a pathway to positive cashflows and will be able to capitalise on the expected global growth in the hemp derived CBD market in 2020 and beyond.

We will continue to build on the initiatives that are underway to deliver value to all shareholders."

For more information please contact:

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About Elixinol Global

Elixinol Global Limited (ASX:EXL; OTC:ELLXF) is a global leader in the hemp derived CBD industry, innovating, manufacturing and selling Elixinol branded hemp derived CBD products. The Companies simplified business model is focusing on:

- In the Americas, innovating, manufacturing and selling Elixinol branded hemp derived CBD products based in Colorado, USA
- In Europe & UK, educating and selling Elixinol branded and co-branded hemp derived CBD products based in Amsterdam, The Netherlands
- In Australia, providing stronger unified planning and support across the group to enable the various regional offices to focus on operational strategy and execution through its Global Executive Office based in Sydney, Australia
- Globally, expanding distribution of Elixinol branded hemp derived CBD products through reputable distributors as key markets open.

See more at www.elixinolglobal.com