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4 May 2020

Elixinol announces \$11.0 million capital raising

Highlights:

- Elixinol-branded CBD nutraceuticals consumer strategy becomes key revenue channel focus, with a more focused branded business model geared towards margin accretion
- Continuation of March brand relaunch driving distribution and consumer awareness
- Digitally led consumer communication centred on new e-commerce platform in the US and UK / Europe
- Europe expansion targeting biggest CBD markets Germany and UK
- Appointment of Oliver Horn (former CEO of Swisse Wellness ANZ & North America) as Group CEO, bringing substantial experience in building premium global consumer products
- Continued focus on reducing cash-burn and working capital initiatives
- Capital raising to support operating cash flow, consumer brand building and distribution build

Elixinol Global Limited (“**Elixinol**” or the “**Company**”) is undertaking an equity raising of up to \$11.0 million via a 1 for 2.51 accelerated pro-rata renounceable entitlement offer (“**Entitlement Offer**”). Proceeds received from the Entitlement Offer will support operating cash flow, consumer brand building and distribution build.

Further information in relation to the Entitlement Offer is set out in the Investor Presentation released by Elixinol to ASX today, 4 May 2020. The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the Entitlement Offer. Further information regarding the financial performance of the Company for the quarter ending 31 March 2020 is set out in the Appendix 4C which was released by Elixinol to ASX on 30 April 2020.

Business and trading update

Elixinol’s core strategy remains unchanged, focusing on becoming a global leader in hemp-derived CBD nutraceuticals by building an Elixinol branded consumer goods businesses with a strong foothold in the Americas and Europe. To achieve its global distribution strategy, Elixinol is prioritising e-commerce and pharmacy channels to drive consumer education and sales.

Elixinol – Americas region

Elixinol’s Americas business continues to face structural challenges in the US, driven by slower than expected regulatory progress, leading to an under-regulated, oversupplied and highly competitive market. Additionally, Elixinol moved its e-commerce platform to Magento and faced transition-related disruptions impacting website traffic and search engine optimisation. All issues have since been resolved and the platform is now functioning as expected.

At the end of the March 2020, Elixinol commenced its brand re-launch with its benefit led product range via its e-commerce platform and pharmacies in the US. The Company’s focus continues to be on cost-out and efficiency initiatives, with investment in sales and marketing to drive brand recognition and conversion.

During Q1-FY2020, Elixinol made key hires to support its objectives, including CEO of the Americas, Tom Siciliano and VP Operations & Manufacturing Chad Wittman.



Elixinol – Europe / UK

Elixinol is a leader in the UK and Europe, a significant growth market, where it has a strong position in hemp derived CBD nutraceutical products. With regulatory barriers to entry via Novel Foods authorisation and favourable market dynamics, Elixinol's expansion in Europe is targeting the biggest CBD markets, Germany and the UK, where it has cemented a foothold through large scale partnerships with one of the largest distributors in Europe, who supply pharmacies, doctors and health centres, and MedVec which has access to 22,000 pharmacies in Germany. Outside of the pharmacy channel, Elixinol is focussing on e-commerce and home TV shopping where it is experiencing good early sales momentum.

Trading update

Total revenue for Q1 FY2020 was \$3.3 million, a 25% decline on the prior sequential period, being Q4 FY2019. Contribution of total revenue from branded and co-branded products (e-commerce, retail, Europe & UK) increased over the same period, representing ~82%, an increase from ~77% in Q4 FY2019. Retail channel revenue also increased to \$1.3 million in Q1 FY2020, from \$0.8 million in Q4 FY2019. Additionally, as part of its cost-out program, headcount of full-time equivalents was reduced to 78 (as at 30 April 2020), from 119 as at 31 December 2019.

Further information regarding the financial performance of the Company for Q1 FY2020 is set out in the Appendix 4C released by Elixinol on 30 April 2020.

Sale of Nunyara property

As previously disclosed, the Company is in the process of selling Nunyara's assets. In relation to the Nunyara property, following a process of testing the market for the property and engaging with prospective buyers, the Company is in exclusive negotiations with a preferred buyer, having received an offer acceptable to the Board that is not subject to financing.

Board of Directors

Elixinol's Board of Directors currently comprises Paul Benhaim (Chairman and Non-Executive Director), Oliver Horn (Executive Director) and Helen Wiseman (Non-Executive Director). The Company is intending to appoint another Non-Executive Director with ASX leadership experience in the near future and is currently considering potential candidates.

Comment from Oliver Horn, Group CEO

"We are making great progress in evolving our business model towards a very focused consumer and product led nutraceuticals CBD business. Our brand is being relaunched across global markets supported by a new digital & e-commerce strategy under our 'Kind of Amazing' campaign. We've secured wide reaching distribution agreements due to our global reputation for high quality broad spectrum CBD products and 20 years of experience in the hemp industry. We are optimistic about our business outlook despite the current US CBD category and COVID-19 challenges. Our vision is to build the most innovative nutraceutical CBD brand in the world that does good for the planet and its people."

Comment from Paul Benhaim, Chairman

"This is an exciting time for Elixinol. As announced on 30 March 2020, Elixinol has undergone a global rebrand and product refresh of new innovative health and wellness products designed to build on its existing consumer trust and knowledge about hemp derived CBD. The company has in place a talented and experienced management team, headed by our new Group CEO, Oliver Horn. I have every confidence that this team has the capacity to take advantage of the many opportunities to grow Elixinol's business. Our company has gone through a significant period of change following the events of 2019. During this time the company, myself included, have given much consideration to how we can learn from the actions of the past, and we have strengthened the systems, protocols and personnel in place to ensure the company has and maintains a strong focus on both compliance and



commercial opportunities. Both of these are personally very important to me, and to my fellow directors and members of senior management. As both the Chairman and a major shareholder of this company, I have full confidence in Oliver and the entire senior management team to run this company successfully with a strong commitment to and focus on a “best in class” compliance culture, and I look forward to supporting them as a non-executive director.”

Entitlement Offer

The Entitlement Offer will take the form of a pro-rata accelerated renounceable entitlement offer under which eligible shareholders will be entitled to acquire one new Elixinol share (“**New Share**”) for every 2.51 shares held at 7:00pm (AEST) on Thursday, 7 May 2020 (“**Record Date**”), at a price of \$0.20 per New Share (“**Offer Price**”). The Offer Price represents a 48.1% discount to last close of \$0.385 and a 39.8% discount to TERP of \$0.332¹. The Entitlement Offer is not underwritten.

The Entitlement Offer will raise up to \$11.0 million and comprise:

- an **Institutional Entitlement Offer**: Eligible Institutional Shareholders will be invited to participate in the Institutional Entitlement Offer which will take place from today, Monday, 4 May 2020 to 10:00am, Tuesday, 5 May 2020. Eligible Institutional Shareholders can choose to take up all, part or none of their Entitlements. Entitlements cannot be traded on the ASX. Entitlements that Eligible Institutional Shareholders do not take up by the close of the Institutional Entitlement Offer, and Entitlements that would otherwise have been offered to Ineligible Institutional Shareholders, will be sold through an institutional shortfall bookbuild (“**Institutional Bookbuild**”) on Tuesday, 5 May 2020; and
- a **Retail Entitlement Offer**: Eligible Retail Shareholders in Australia and New Zealand will be invited to purchase a pro-rata number of New Shares. Eligible Retail Shareholders who wish to apply to participate in the Retail Entitlement Offer must do so by 5.00pm (AEST) on Thursday, 21 May 2020. Entitlements cannot be traded on the ASX. Entitlements not taken up, along with entitlements of Ineligible Retail Shareholders, will be sold under a retail shortfall bookbuild (“**Retail Shortfall Bookbuild**”). Eligible Retail Shareholders who apply for their Entitlement in full will be entitled to apply for additional New Shares (“**Additional New Shares**”) under the Retail Shortfall Bookbuild, with such oversubscriptions to be satisfied out of shortfall shares.

New Shares and Additional New Shares issued under the Entitlement Offer will rank equally in all respects with existing Elixinol shares on issue as at the date of issue of the relevant New Shares.

A Retail Entitlement Offer Booklet containing information in respect of the Retail Entitlement Offer will be sent to Eligible Retail Shareholders in Australia and New Zealand by Tuesday, 12 May 2020 and will be made available on the Entitlement Offer website at www.exloffer.com.au. The contents of Elixinol’s website do not form part of the offer documents for the Entitlement Offer.

Eligible Retail Shareholders should read the Retail Entitlement Offer Booklet in full in deciding whether to subscribe for New Shares or Additional New Shares.

Any Eligible Retail Shareholder in Australia or New Zealand who wishes to acquire New Shares and Additional New Shares (if applicable) under the Retail Entitlement Offer will need to complete, or otherwise apply in accordance with, the personalised Entitlement and Acceptance Form that will accompany the Retail Entitlement Offer Booklet.

¹ TERP is a theoretical price at which Elixinol shares trade immediately after the ex-date for the Entitlement Offer assuming 100% take-up of the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which Elixinol shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to Elixinol’s closing price of \$0.385 on 29 April 2020.



Elixinol expects to announce the outcome of the Institutional Entitlement Offer to the market prior to the commencement of trading on Wednesday, 6 May 2020 and will remain in trading halt until this time.

Lead Manager and Bookrunner to the Entitlement Offer is Bell Potter Securities Limited.

Indicative timetable

Event	Date (2020)
Announcement of Entitlement Offer (in trading halt)	Monday, 4 May
Institutional Entitlement Offer opens	Monday, 4 May
Institutional Entitlement Offer closes	Tuesday, 5 May
Institutional Entitlement Offer shortfall bookbuild	Tuesday, 5 May
Trading halt lifted and announcement of results of Institutional Entitlement Offer	Wednesday, 6 May
Record date for Retail Entitlement Offer (7:00pm AEST)	Thursday, 7 May
Retail Entitlement Offer opens (9:00am AEST)	Tuesday, 12 May
Retail Entitlement Offer Booklet and personalised Entitlement and Acceptance Form dispatched to Eligible Retail Shareholders	Tuesday, 12 May
Settlement of Institutional Entitlement Offer and Institutional Entitlement Offer shortfall	Wednesday, 13 May
Allotment date and normal trading of New Shares issued under the Institutional Entitlement Offer and Institutional Entitlement Offer shortfall	Thursday, 14 May
Retail Entitlement Offer closes (5:00pm AEST)	Thursday, 21 May
Announcement of results of the Retail Entitlement Offer	Tuesday, 26 May
Retail Entitlement Offer shortfall bookbuild	Wednesday, 27 May
Settlement of Retail Entitlement Offer and Retail Entitlement Offer shortfall	Monday, 1 June
Allotment of New Shares and Additional New Shares issued under the Retail Entitlement Offer and Retail Entitlement Offer shortfall	Tuesday, 2 June
New Shares and Additional New Shares issued under the Retail Entitlement Offer and Retail Entitlement Offer shortfall commence trading on ASX	Wednesday, 3 June
Dispatch of holding statements in respect of New Shares and Additional New Shares issued under the Retail Entitlement Offer and Retail Entitlement Offer shortfall	Wednesday, 3 June

Note: The above timetable is indicative and subject to variation. Elixinol and the Lead Manager reserve the right to withdraw or amend the Entitlement Offer at any time or alter the timetable at their absolute discretion and without notice, subject to ASX Listing Rules, the Corporations Act and other applicable law including extending the closing date of the Retail Entitlement Offer period or accepting late applications, either generally or in particular cases, without notice or altering the opening and closing times of the bookbuilds without notice. Any extension of the closing date will have a consequential effect on the issue date of the New Shares. The commencement of quotation of New Shares is subject to confirmation from ASX. All dates and times refer to AEST.



Conference call

Investors are invited to join a conference call hosted by Oliver Horn, Group CEO, and Ron Dufficy, CFO, on Tuesday, 5 May at 9:00am AEST.

To access the call please use the link below to register. Once registered, dial-in details will be provided.

Registration link: <https://s1.c-conf.com/diamondpass/10006515-invite.html>

This document was authorised to be given to the ASX by the Board of the Company.

About Elixinol

Elixinol Global Limited (**ASX:EXL**; **OTC:ELLXF**) is a global leader in the hemp derived CBD industry, innovating, manufacturing and selling hemp derived CBD products. The Company's 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.

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This announcement may include forward-looking statements. These forward-looking statements are based on Elixinol's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Elixinol, which could cause actual results to differ materially from such statements. Elixinol makes no undertaking to subsequently update or revise the forward-looking statements made in this announcement, to reflect the circumstances or events after the date of this announcement.

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Determination of eligibility of investors for the purposes of the institutional and retail components of the Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Elixinol and the Lead Manager. Each of Elixinol and the Lead Manager disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by the law.