

ASX Announcement

1 July 2021

ELIXINOL WELLNESS TO PRESENT AT SHARECAFE SMALL CAP "HIDDEN GEMS" WEBINAR

Elixinol Wellness Limited (**Elixinol Wellness** or the **Company**) (**ASX:EXL; OTCQB:ELLXF**) is pleased to announce its participation in the ShareCafe Small Cap "Hidden Gems" webinar, to be held from Friday, 2 July 2021 at 12:30pm AEST.

Global CEO Oliver Horn will provide an overview of the Company's hemp derived nutraceutical, cosmetic and food products.

This webinar is able to be viewed live via Zoom and will provide viewers the opportunity to hear from, and engage with, a range of ASX-listed leading micro/mid cap companies.

To access further details of the event and to register at no cost, please copy and paste the following link into your internet browser:

https://us02web.zoom.us/webinar/register/5416151767246/WN_nWYiyUvYS_e5LLriWPkDFA

A copy of the investor presentation to be delivered during the webinar is attached and a recorded copy of the webinar will be made available following the event.

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

Investor relations please contact:

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About Elixinol Wellness

Elixinol Wellness Limited (ASX:EXL; OTCQB:ELLXF) is a global leader in the hemp industry, innovating, marketing and selling hemp derived nutraceutical, cosmetic and food products. The Company's simplified business model is focusing on:

- In the Americas, innovating, marketing and selling high quality Elixinol branded hemp derived nutraceutical and skincare products based in Colorado, USA
- In Europe and the UK, educating and selling high quality Elixinol branded and co-branded hemp derived nutraceutical and skincare products based in Utrecht, The Netherlands and London, UK
- In Australia, Hemp Foods Australia is a leading hemp food wholesaler, retailer, manufacturer and exporter of bulk and branded raw materials and finished products.

- Across the Rest of World, expanding distribution of branded hemp derived products through reputable distributors as key markets open.

See more at www.elixinolwellness.com

Investor Presentation

July 2021



Disclaimer

This presentation contains summary information about Elixinol Wellness Limited (Elixinol Wellness) and its subsidiaries and their activities.

The information in this presentation does not purport to be complete. It should be read in conjunction with Elixinol Wellness' other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au.

The information contained in this presentation is not investment or financial product advice and has been prepared without taking into account the investment objectives, financial situation or particular needs of any particular person. Before making an investment decision, investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and seek independent professional advice appropriate to their jurisdiction and circumstances.

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Past performance information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

This presentation contains certain forward-looking statements with respect to the financial condition, results of operations and business of Elixinol Wellness and associated entities of Elixinol Wellness and certain plans and objectives of the management of Elixinol Wellness. Forward-looking statements can be identified by the use of forward-looking terminology, including, the terms "believes", "estimates", "anticipates", "expects", "predicts", "intends", "plans", "goals", "targets", "aims", "outlook", "guidance", "forecasts", "may" or "will", and similar expressions. These forward-looking statements include all matters that are not historical facts. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which because of their nature may cause the actual results or performance of Elixinol Wellness to be materially different from the results or performance expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding Elixinol Wellness' present and future business strategies and the political, regulatory and economic environment in which Elixinol Wellness will operate in the future, which may not be reasonable, and are not guarantees or predictions of future performance. No representation or warranty is made that any of these statements or forecasts (express or implied) will come to pass or that any forecast result will be achieved. Forward-looking statements speak only as at the date of this presentation and to the maximum extent permitted by law, Elixinol Wellness and its Related Parties disclaim any obligation or undertaking to release any updates or revisions to information to reflect any change in any of the information contained in this presentation (including, any assumptions or expectations set out in this presentation).

All figures in this presentation are A\$ unless stated otherwise and all market shares are estimates only. A number of figures, amounts, percentages, estimates, calculations of value and fractions are subject to the effect of rounding. Accordingly, the actual calculations of these figures may differ from figures set out in this presentation.

Elixinol CBD



elixinolSkin CBD



Hemp Foods Australia



Our Vision

To create a healthier everyday life through the power of hemp & plant-based products

Ambition

Building a global, hemp-centric wellness consumer products company

Purpose

Changing lives naturally!



Quality & Efficacy



True Heritage



Natural & Sustainable

A global footprint

Elixinol is one of the few truly established global brands with long standing partners.

AMERICAS (56% of Group Revenues) (2020 US\$5b > 2025 US\$17b, CAGR of +26% *)

- **Est. 2014. One of most trusted brands (*CBD insider)**
- Colorado HQ. 27 FTE managing sales, marketing, production and logistics
- Growth focus:
 - E-commerce
 - NPD
 - Wellness Channel
- Exports into Latin America



Mexico



Europe (16% of Group Revenues) (2020 US\$554m > 2025 US\$2.3b, CAGR of +34% *)

- **Est. 2018. #1 mover advantage**
- UK & NL entities with dispersed team of 10 FTE managing sales, marketing & distribution
- Fully outsourced supply chain
- Growth focus on UK:
 - Pharmacy
 - E-commerce
 - TV shopping
- Long-term distribution arrangement with South Africa



South Africa

Japan

- **Most established and leading brand in Japan**
- Licensing agreement with Elixinol Japan, supply of HFA products
- HFA testing route to market into China cross border E-Commerce
- Growth focus:
 - Invest in Japan
 - Monitor SEA

Australia (28% of Group Revenues)

- **Est. 1999. Leading hemp foods brand**
- Sydney based Global HQ with 5 FTE
- HFA Byron Bay Office with 10 FTE managing production, sales & marketing of finished goods & bulk, exports to South Africa and Japan
- >1,200 distribution points
- Growth focus:
 - CBD in Australia
 - HFA hemp foods through NPD & E-Com

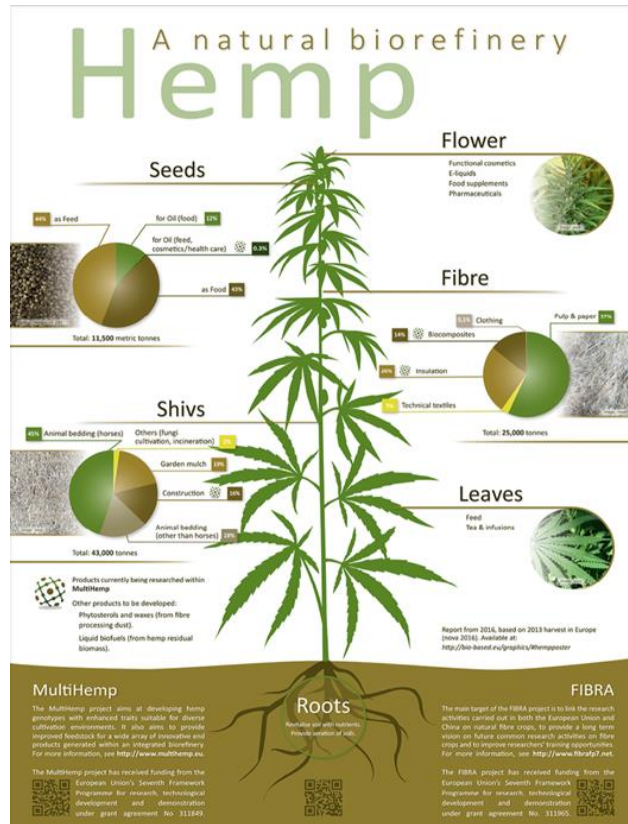
Hemp Foods
AUSTRALIA

EXL
WELLNESS LIMITED



Why hemp? Sustainability & health benefits.

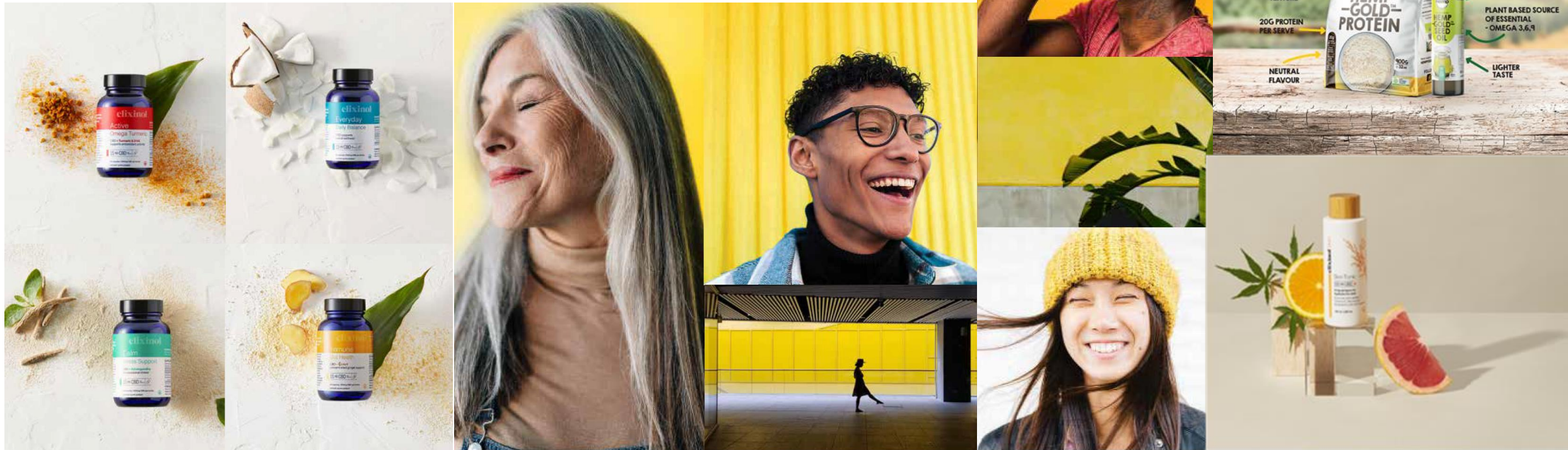
The hemp plant is nature's powerhouse. Highly sustainable, 100% usage and powerful health & wellbeing benefits as a food or in nutraceutical products.



- One plant – can use seeds, flower, fibre, shiv and leaves for multiple uses
- Fast growing – matures in 90 days
- Carbon capture – captures approx. 10x more CO2 than pine trees (which take 20yrs to mature)
- Sustainable – pest, weed & drought resistant and doesn't require pesticides / herbicides
- A superfood – contains protein, dietary fibre, contain the highest amount of PUFAs (Polyunsaturated Fatty Acids) like Omega 3 and 6
- Source of CBD – naturally low THC, declared as save by WHO, UN removes cannabis from Schedule IV of 1961 Convention on Narcotic drugs
- A new food – legalized for food in 2017 in Australia

Elixinol Wellness

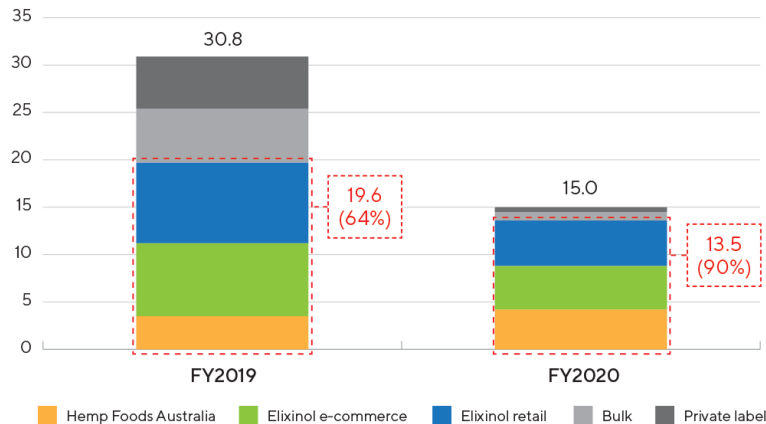
We've been a wellness company all along. Rebranding ourselves to Elixinol Wellness is a natural yet symbolic step in our journey of creating a global wellness consumer products business that makes a positive contribution to people's health, wellness and the planet. It marks our transformation to a leaner, higher margin, branded consumer goods business.



FY2020 financial summary

Well funded, reduced cost base and refocused on building a profitable consumer goods business.

Revenue by Channel
A\$ million, 31 December year end



Revenue by channel

Divested low margin business to focus on higher margin Elixinol branded products.

Driving margin improvement as business mix shifts towards branded consumer goods channels.

Annualised cost base

↓ 45%

Substantial operational and corporate cost reduction program completed in June 2020.

Well funded*

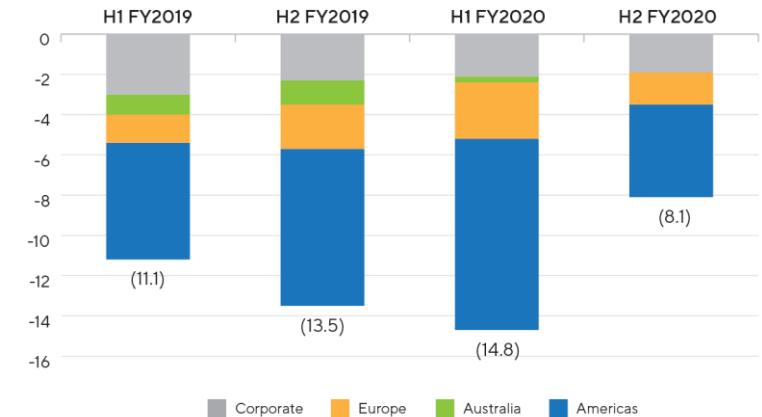
Cash reserves boosted by heavily oversubscribed capital raise provides new funding of \$20.5m.

↑ 37%

\$27.7m

Vs \$20.2m in FY2019

Adjusted EBITDA by Half
A\$ million, 31 December year end



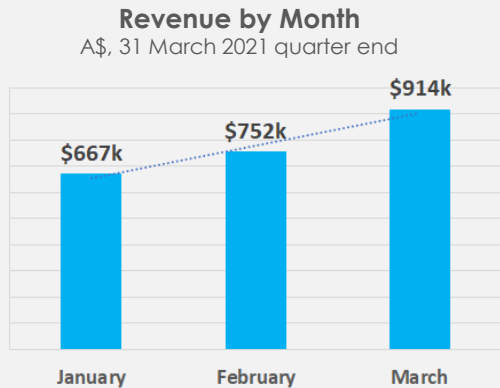
Adjusted EBITDA**

Improved significantly between H1 and H2, despite lower revenues with a reduced cost base supporting a simplified strategy.

Cost reduction program and higher margin business driving performance improvements.

Key highlights of Q1 FY2021

Whilst Q1 results have been impacted by COVID restrictions and seasonality, we've seen a gradual revenue improvement month over month, improved gross margins, further reduced cost and advanced our digital-first agenda. The gradual improvement of UK trade conditions post COVID restrictions points towards a more positive outlook. The proposed CannaCare acquisition marks a transformational advance towards our strategy to become a global consumer goods business.



Revenue by month

Q1 FY2021 revenue of \$2.3m – 26% decline on previous quarter vs Q4 FY2020 of \$3.1m, reflecting normal seasonality, compounded by COVID-19 in key markets



CannaCare SPA
Strategic EU market entry with #1 brand and outlook to improve Group revenue & profitability

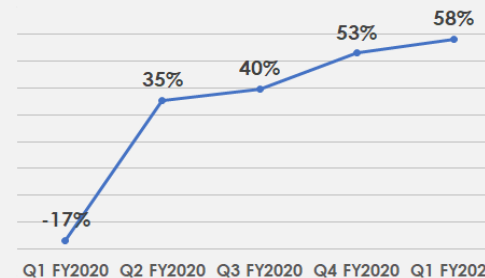
Digital growth
Continued e-commerce growth drives 36% of Group revenues with improving metrics across all regions



Strong funding position
Cash reserves of **\$23.3m** boosted by heavily oversubscribed capital raising in Q4 FY2020



Margin accretion
Group margin at highest level over recent 5qtrs



Tight cost controls
Cash expenditure **down 52%** vs Q1 FY2020 down 11% vs Q4 FY2020 via substantial cost reduction program



UK: Superdrug launch & emerging from lock-downs
Full range launch in UK's Superdrug and start of replenishment orders post FSA NFA validation

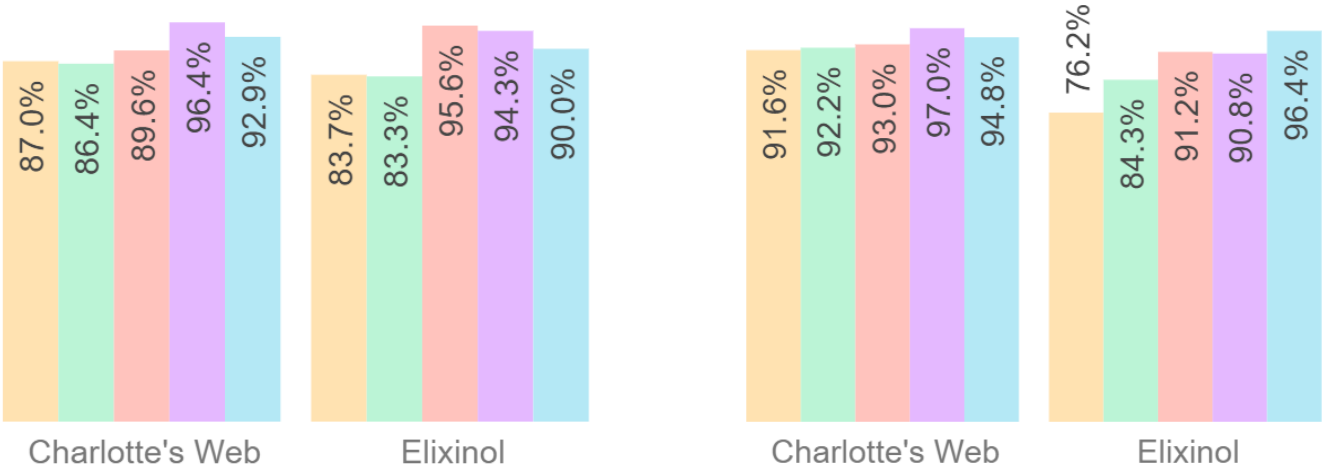
Elixinol brand health US

Elixinol is perceived as a high quality and effective brand that compares favourably against the market leader. The brand relaunch and re-positioning has materially improved the brand's brand health metrics and is seen as a highly effective and well-priced brand.

Purchase Again

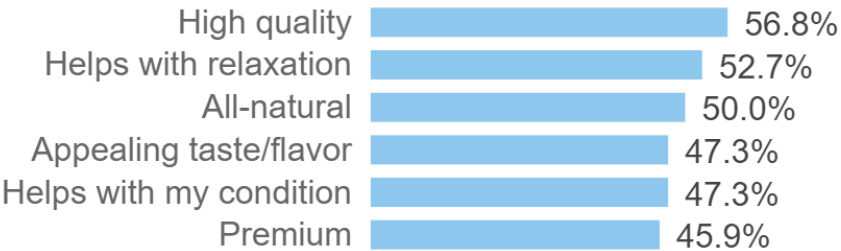
Overall Satisfaction

W1 2020 W2 2020 W3 2020 W4 2020 W1 2021



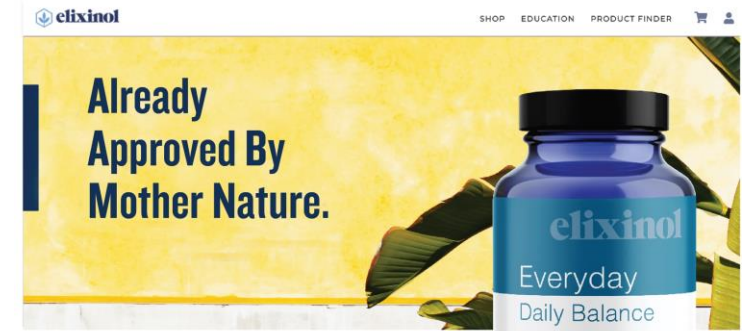
Category	%	Rank
Level of Effectiveness	91.5%	14
Packaging	90.4%	18
Price	88.7%	8

Top Brand Attributes



Evolved brand positioning

To create stronger emotional engagement with consumers, Elixinol will launch the 'Let Nature Shine campaign' connecting our heritage of sourcing the best from nature through hemp with today's consumers' need for natural wellness solutions that replace chemical remedies.



Growth through innovation

We've developed our portfolio across all regions to improve our product offering, attract new customers and 'premiumise' our brands.



Digital strategy driving results across all regions

Investment in digital and e-commerce capability is showing positive results across all business units. Revenues from e-commerce in Q1 accounted for 40% of total Group revenues compared to 33% for Q4 2020.

▶ US Digital

▶ HFA Digital

▶ EU Digital

Q1 Performance (% Change Jan – Mar '21)

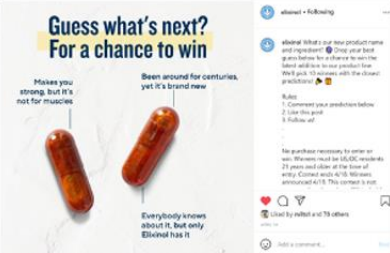
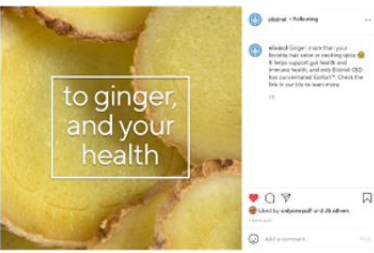
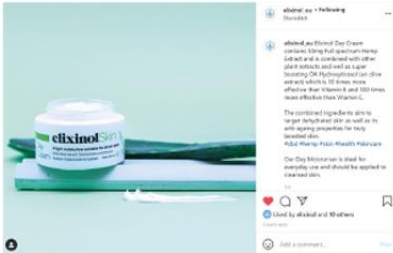
Revenue	28% ↑
Average Order Value	14% ↑
Ecommerce Conversion Rate	50% ↑

Q1 Performance (% Change Jan – Mar '21)

Revenue	23% ↑
Average Order Value	0% —
Ecommerce Conversion Rate	18% ↑

Q1 Performance (% Change Jan – Mar '21)

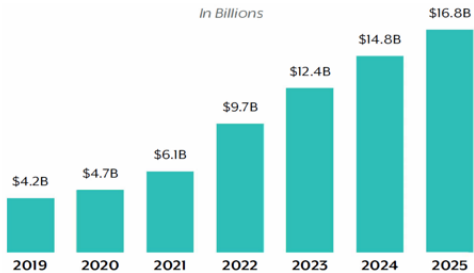
Revenue	82% ↑
Average Order Value	9% ↑
Ecommerce Conversion Rate	25% ↑



Global CBD market outlook & regulations

The global CBD is projected for sustained long-term growth. Regulations are changing fast and in favour of CBD but will create transitionary volatility. Gradual recovery from COVID restrictions and industry consolidation in mature markets will have near-term impacts but favour established players like Elixinol.

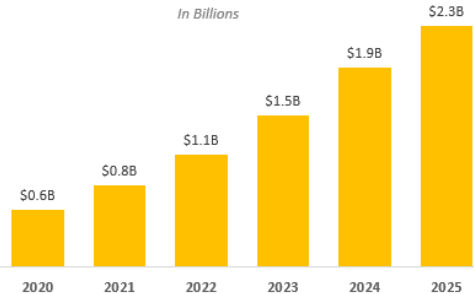
US CBD Market Size & Forecast (2019-2025)



US CBD market¹:

- US\$4.2B in 2019 expected to grow to US\$16.8B by 2025
- Forecast growth 2020-2025 CAGR of 26%

European CBD Market Size & Forecast (2020-2025)



European CBD market²:

- US\$0.6B in 2020 expected to grow to US\$2.3B by 2025
- Forecast growth 2020-2025 CAGR of 34%

Regulation differs across key markets

US regulatory framework outlook positive but timeline uncertain:

- Market remains fragmented and highly competitive, but cannabis reform continues to build momentum under Democratic government. Congress passes SAFE Banking Act on 20th April. It is widely expected that the FDA will regulate CBD as a dietary no sooner than mid to late 2021.

Europe set for highest growth with positive regulatory environment. Transition to Novel Foods will create disruption








- The **EU** Commission European Commission cleared CBD from drug status (provided that also the other conditions of Article 2 of Regulation (EC) No178/2002 are met), designated it as a food, and re-asserted EU free-trade guarantees late last year. The European Court of Justice ruled last December that CBD should not be considered a narcotic under the meaning of the 1961 UN Single Convention on narcotics. Consequently, the Novel Foods application pathway is expected to be re-opened.
- **UK** Food Standards Agency (FSA) required that those looking to market ingestible CBD products will have to submit an application for Novel Foods to keep products on shelves beyond March 2021. Elixinol's EIHA application has been submitted in time for the application is being processed. FSA has yet to confirm full list of applications leaving market uncertain.

Exploring fast developing Australian market:

- On 15 December 2020, Australia's Therapeutic Goods Administration (TGA) confirmed the de-scheduling of CBD from Schedule 4 to Schedule 3, thus enabling CBD products that are registered with the TGA to be widely distributed across pharmacies. EXL announced partnership with Health House International to access TGA SAS schedule 8 distribution.

CannaCare Transaction Termination

The Board took the difficult but well considered decision to enter into a mutual termination agreement after closing due diligence revealed increased risk profile and incremental investment requirements to generate profitable returns.

-  Mutual termination of SPA from 15th March 2021. Completion was targeted for 5th July 2021.
-  Upfront consideration of €9m (1/3 cash, 2/3 scrip).
-  Scrip based earn-out of €0-15m.
-  Closing due diligence showed changed market dynamics and increased investment requirements.
-  German market increasingly difficult due to intensifying competition.
-  Termination releases approximately \$5.5m in cash that otherwise would have been spent on upfront consideration, financing of working capital and integration activities.
-  Cash savings will be invested to drive growth in our biggest markets U.S. and Australia

What's next...

Our core priorities are to drive growth in our core markets US and Hemp Foods Australia businesses whilst further shifting our business to towards digital and optimise cost and margins.



US: phase 2 business transformation



Under new leadership continuing transition to capital light and digital first

Accelerate Hemp Foods Australia growth



Investment in new product development and distribution drive

UK: optimise post lock-downs & FSA regulation changes



Activate Superdrug, Well Pharmacy, and e-retail

Digital growth



Enhance customer acquisition, UX & conversion across all business units

Margin accretion



Group margin at highest level over recent 5 quarters as result of CPG and digital strategy

Continue tight cost controls



Further initiatives to reduce OPEX.

In summary...the new **Elixinol Wellness**

Well positioned in global consumer trend

for natural and
plant-based food
and nutraceuticals



Our brands are strong and getting stronger

repositioning and
innovation is leading
to material brand
equity improvements

**Continued
business
transformation** in
a better economic
environment, with
new leaders & better
financial situation

Digital strategy working

contributing
materially to sales &
profitability.

Optimised business model

with more cost
opportunities and
improved margins



**Strong balance
sheet with
\$23.3m of cash**
and virtually debt
free (as of 31st March
2021)

Thank You!



 **ElixinolWellness**
Natural wellness for people and the planet
ASX:EXL | OTCQB:ELLXF