



Elixinol
Wellness

H1 FY24 Results Presentation

29 August 2024

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This Presentation is current as of 30 August 2024.





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H1 FY24 Performance Overview

H1 FY24 Scorecard



Sales Growth

- **Impressive Revenue Growth:** Group revenue of **\$6.8M*** in H1 FY24 vs **\$3.5M** H1 FY23
- **Record Australian revenue :** \$5.8M sales **(+ 174%)** following successful integration of TSN
- **Retail wins** across Grocery, Major Retailer and Distributor channels

** \$6.8M sales in H1 includes only 3 months of Ananda Food*



Cost Efficiency

- **9% Cost Reduction in H1:** Impressive sales growth and cost cuts set up H2 for profitability
- **Optimised Operations:** Streamlined operations with further cost out in H2.
- **Strategic Investment:** Managed transition costs to reset the cost base for future efficiency



Market Expansion

- **Retail Expansion:** Extended Mt Elephant range in Coles, boosting market presence
- **New Product Launches:** Successful rollout of Hemp Foods Australia functional foods range, targeting health-conscious consumers



Ops. Optimisation

- **Winning Team:** Rebuilt a lean, effective team post-merger to drive growth.
- **Successful Ananda Food Integration:** beginning to yield growth and cost efficiencies
- **Positive EBITDA in the Americas:** Achieved positive EBITDA contribution in H1 FY24

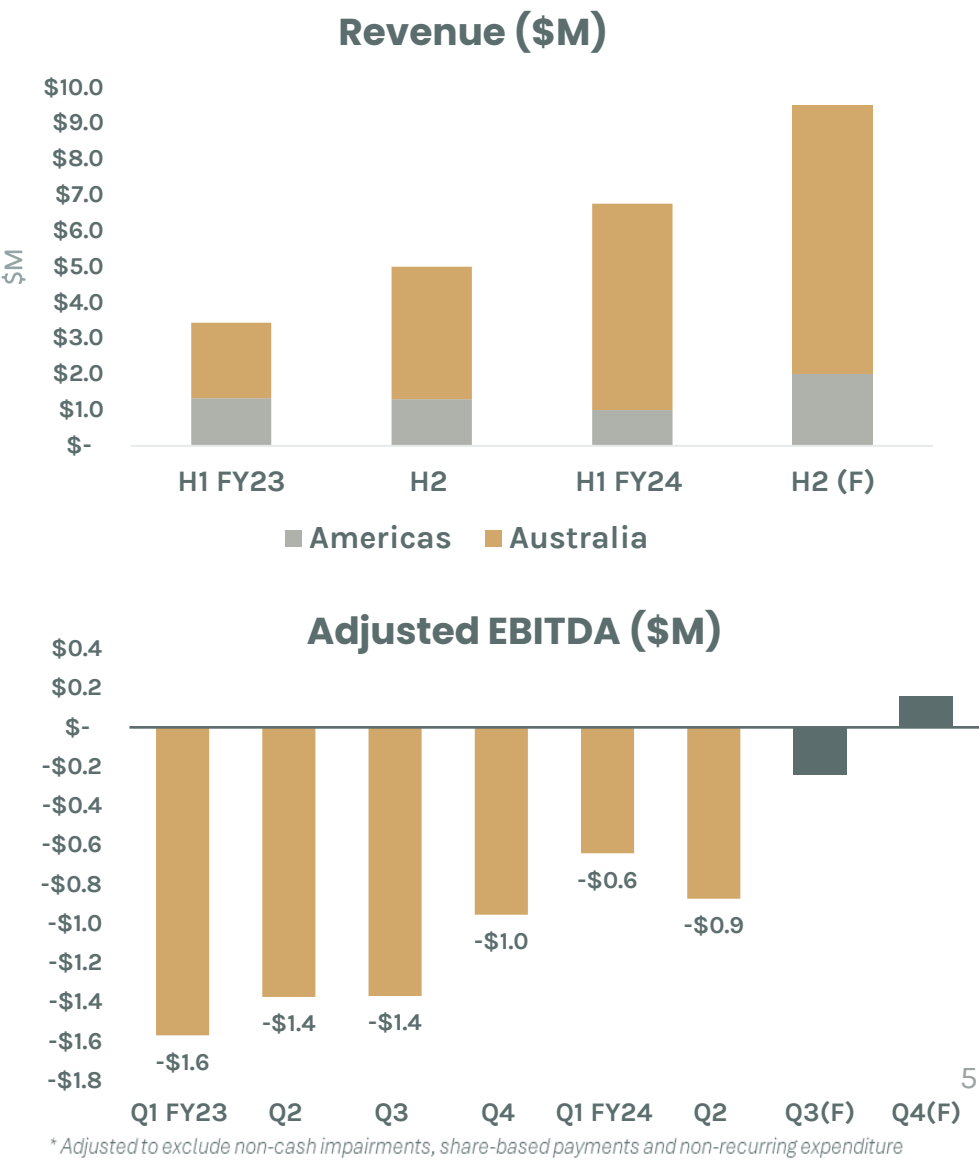
Financial Highlights

Revenue Growth

- Australia’s expanded House of Brands dominates with H1 sales surging to \$5.8M (+174% v H1 FY23)
- Promising H2 Outlook: H2 revenue target of \$9.2-\$10M, with the US poised for renewed growth as focus transitions from efficiency to expansion
- Reaffirming 2024 revenue guidance of \$16M-\$20M

EBITDA Enhancement

- Relentlessly driving EBITDA improvement through operational efficiencies, cost control, and margin enhancement
- Q2 FY24 EBITDA temporarily impacted by jump in expenses, including approximately \$200K in non-recurring costs related to dual facilities
- Breakeven in sight with positive EBITDA in 2024 as synergies from the TSN (Aug 2023) and Ananda Food (late March 2024) acquisitions are fully leveraged



Financial Snapshot (P&L)

	H1 FY24 \$(M)	H1 FY23 \$(M)
Revenue	6.8	3.5
Cost of goods sold	(4.4)	(1.9)
Gross Profit	2.4	1.6
GP Margin (%)	35%	45%
Operating expenses	(4.1)	(4.5)
Non-operating income	0.2	0.3
Adjusted EBITDA	(1.5)	(2.6)
Depreciation	(0.5)	(0.3)
Impairment of assets	(0.1)	(0.3)
Share-based payments	(0.2)	(0.4)
Non-recurring expenses	(0.3)	-
Interest income/(cost)	-	0.1
Profit/(loss) before tax	(2.8)	(3.4)
Tax expense	-	-
Profit/(loss) after tax	(2.8)	(3.4)

Impressive Revenue Gains

- Group revenue up 96% growth YoY driven by EXL's expanded House of Brands following TSN and Ananda Food acquisitions, and strong at HFA

Margin Dynamics– Sales Mix Effect

- The average H1 margin fell from 45% to 35%, largely due to a shift in the sales mix and weaker performance from high-margin US sales
- Supply chain pressures also impacted margins but should ease in H2 as rebates and raw material substitutes come into play
- Completion of US transition to an e-commerce business model will boost high-margin US sales in H2

Operating Expenses

- Down 9% YoY, reduced significantly to 60% of H1 FY24 revenue from 128% a year ago, showcasing a 53% improvement

Adjusted EBITDA

- Losses improved by \$1.1M

Segment Performance

A\$M	Australia		Americas		Corporate	
	H1	H1	H1	H1	H1	H1
	FY24	FY23	FY24	FY23	FY24	FY23
Revenue	5.8	2.1	1.0	1.3	-	-
Gross profit	1.7	0.7	0.6	0.8	-	-
GP%	30%	31%	64%	63%	-	-
Operating expenses	(2.4)	(1.1)	(0.7)	(2.1)	(0.9)	(1.4)
Other income	-	-	0.2	0.3	-	-
Adjusted EBITDA*	(0.7)	(0.4)	0.1	(1.0)	(0.9)	(1.4)

* Adjusted to exclude non-cash impairments, share-based payments and non-recurring expenditure

Efficient Corporate Management

- Corporate expenses down by \$0.5M in H1 FY24

Strategic Focus in H2

- Optimise operating costs in Australia
- Revitalise Sales in the America
- Targeting margin enhancement (38% - 39%)

Strong Sales in Australia

- Revenue surged from \$2.1M to \$5.8M, driven by robust sales performance, expanded operations, and the successful launch of new products
- Gross profit increased by \$1M with stable gross profit margin of 30%-31%
- Operating expenses temporarily doubled including approximately \$0.2M in non-recurring costs related to dual facilities
- TSN and Ananda acquisitions position the Company for sustained growth.

Positive EBITDA in the Americas

- Temporary challenges maintaining sales momentum during transition to e-commerce model
- Stable gross profit margin reflects effective cost control with operating expenses down significantly by \$1.4M
- Positive Adjusted EBITDA of \$0.1M compared to a loss of \$1.0M in H1 FY23



Financial Position

	30 Jun 2024 (\$M)	31 Dec 2023 (\$M)
Current assets		
Cash and cash equivalents	1.6	0.7
Trade & other receivables	2.0	1.7
Inventories	4.1	3.7
Assets held for sale	-	1.5
Other	0.6	0.6
Total current assets	8.2	8.2
Non-current assets		
Property, plant and equipment	1.4	0.9
Investments	-	-
Intangible assets	2.5	2.3
Other	0.1	0.3
Total non-current assets	4.0	3.5
Total assets	12.2	11.7
Liabilities		
Trade and other payables	2.1	2.1
Other current liabilities	2.4	2.8
Non-current liabilities	0.3	0.3
Total liabilities	4.8	5.2
Net assets	7.4	6.5

Current Asset Stability

- Demonstrating effective management of short-term resources focused on inventory

Increase in Cash Reserves

- Proceeds from divestment of non-core investment (\$2.3M) and better cash flow management

Reduced Liabilities

- Reduction in short-term financial obligations and more efficient debt management (\$1.8M facility to support working capital)

Enhanced Net Asset Position

- Improvement in overall financial health with net assets up \$0.97M

Poised for Stability and Growth

- Asset trend (stable current and rising non-current assets) reflects EXL's strategic investments to deliver sustainable long-term growth

H1 FY24 Cash Flow

	H1 FY24 \$(M)	H1 FY23 \$(M)
Cashflow from operating activities	(2.1)	(0.6)
Cashflow from investing activities	0.4	(1.0)
Cashflow from financing activities	2.6	1.7
Net increase/(decrease) in cash	0.9	0.1
Opening cash and cash equivalents	0.7	2.9
FX impact	-	-
Closing cash on hand	1.6	3.0

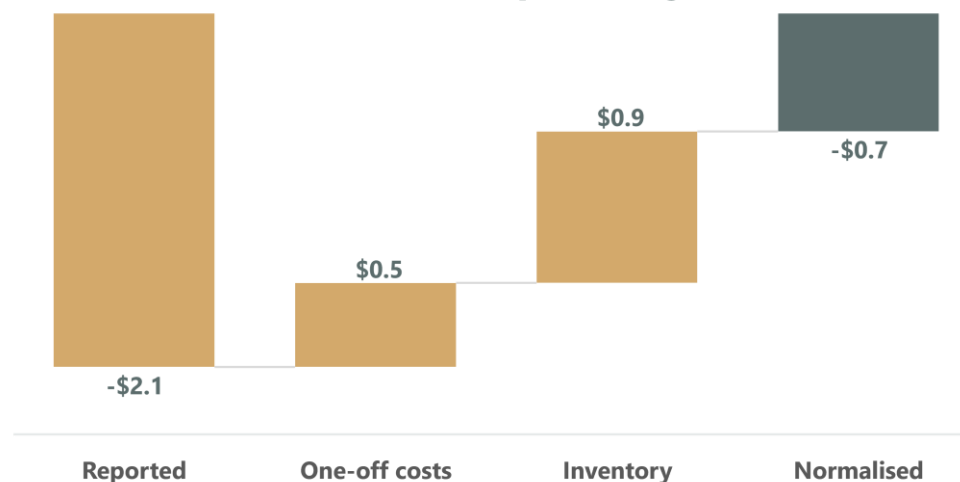
Positive Net Cashflow

- **Positive cash flows from investing and financing** activities compensated for higher operating expenses during H1 FY24
- **H2 focus on strategic cash management and operational efficiency** for long term growth

Operating Cash Flow

- **Increase in operating cash burn** due to **inventory build** and **higher operating expenses** as part of **TSN and Ananda integration**
- **Normalised operating cash burn 61% lower** than a year ago
- **Streamlined operations** to yield significant **cost savings** in H2, positioning the Group for **operating profit**

H1 FY24 Normalised Operating Cash Flow





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House of Brands

House of Brands

BYRON BAY BORN 1999
Hemp Foods
AUSTRALIA



H1 Sales Performance

- 44% growth year-on-year
 - *Hemp Ingredients*
 - *Protein products,*
 - *Functional Seed Mixes (Grocery)*

H2 Growth Strategy

- *Leverage FODMAP certification and education campaigns to expand mainstream hemp usage*


MT. ELEPHANT



H1 Sales Performance

- 68%* growth year-on-year
 - *New SKUs*
 - *Expanded distribution,*
 - *Increased customer loyalty*

H2 Growth Strategy

- *Boost Brand Awareness "Making Magic Moments" campaign*
- *Targeted NPD to improve margins*

**Proforma data*

 **elixinol**



H1 Sales Performance

- 25% lower year-on-year
 - *Out of stock SKUs*
 - *Transitional website issues*

H2 Growth Strategy

- *H1 system and website enhancements to drive H2 growth and profitability*
- *Already EBITDA positive*

House of Brands



H1 Sales Performance

- *Integrating into EXL portfolio*
- *Strong national grocery distribution with consistent sales*

H2 Growth Strategy

- *Leverage grocery shelf presence to break into the healthy snacking category*



anandafood



H1 Sales Performance

- **16%*** growth year-on-year
- **Market demand increasing:**
 - *Major pet retailers engaged for future expansion*
 - *New opportunities for Equine and Cat Litter products in H2*

H2 Growth Strategy

- *Scale through retail partnerships.*

**Proforma data*



Australian
Primary Hemp™



H1 Sales Performance

- **19% growth year-on-year**
 - *Bulk ingredients bolstered by Ananda acquisition*

H2 Growth Strategy

- *Collaborative NPD initiatives with key partners to accelerate hemp consumption*



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H2 FY24 Growth Strategy

H2 FY24 Scorecard



Sustained Expansion

Expand Market Presence

- Increase Grocery in proven product categories
- Pharmacy through strategic partnerships
- Capitalise on Australian e-commerce growth (H1 22% YoY) to bolster Group margin



Operational Excellence

Streamlined Processes & Greater Efficiency

- Increase operational efficiency with increased post-merger volume through EXL facilities
- Optimise supply chain (HFA Protein and Mt Elephant) for margin improvement
- NPD focus on existing SKU's quality & appeal



Market Expansion

Leverage Established Brands

- Expand hemp dominance across mainstream grocery and niche health segments.
- Targeted NPD aimed at the healthy snacking market projected to reach US\$98bn (globally), 5.8% CAGR (2020-25)*

* Euromonitor Global Health and Wellness Snacks market (2021)



Ops. Optimisation

Focus on High-Growth Segments

- NPD aligned with high-growth healthy snacking and high-protein trends
- Capture share of global healthy snack market with innovative, nutrient-rich products

2025 and Beyond

Mount Elephant Expansion

- Capture share of \$734M baking mix market
 - Expand Mt Elephant's range with 2-4 new SKUs
 - Capitalise on "conscious indulgence" movement

Soul Seeds Repositioning

- Expand brand footprint into \$2.2BN healthy snacking market
 - 6-8 new savory, high protein SKUs
 - Into mainstream Grocery

Field Day Growth

- Target \$85M Australian Pet Supplement market
 - Launch 6 new SKUs
 - Expansion in specialist pet, online pet

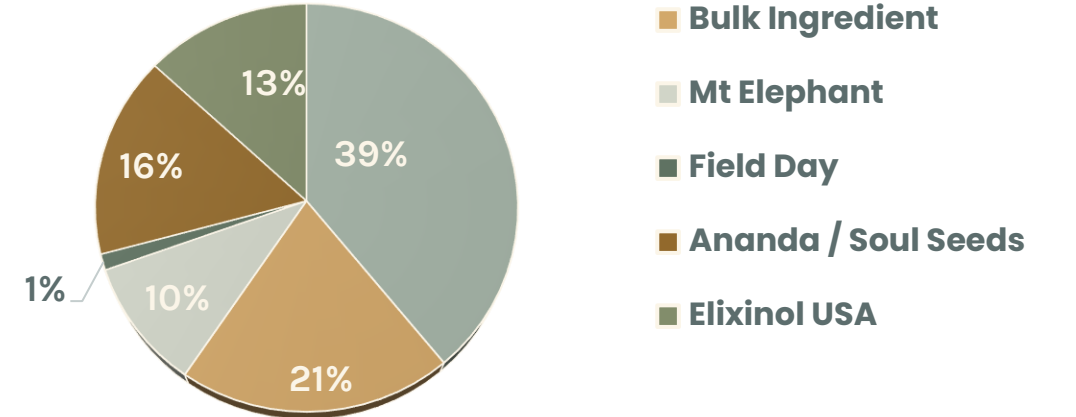
Elixinol Scaling

- Strengthen Elixinol in US\$7.7BN CBD market
 - Leverage wholesale growth
 - Enhance SEO strategies using brand heritage

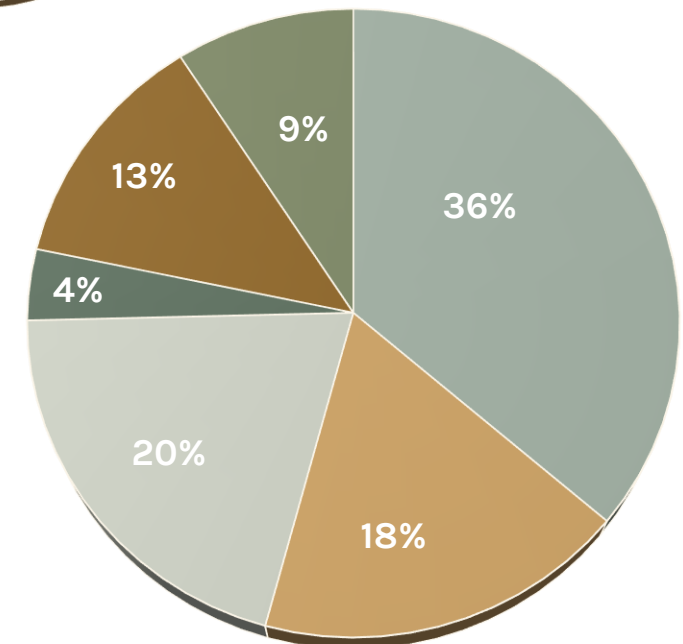
Hemp Foods Australia Growth

- Drive mainstream uptake of hemp (FODMAP)
 - Hemp protein innovation
 - Expand successful functional seed mixes in major retail
 - Leverage growth in Nut, Seed, Trail Mix Category

2024 Sales Mix



2027 Sales Mix



*Australia Baking Mixes (Bakery and Cereals) Market Size, Growth and Forecast Analytics to 2028
Health Snack Food Production in Australia - Market Size, Industry Analysis, Trends and Forecasts (2024-2029)
PET NUTRITION IN AUSTRALIA ANNABELLE BLUE | AUSPAC MARKET RESEARCH | AUGUST 2023
Cannabidiol Market Size, Share & Trends Analysis Report By Source Type (Hemp, Marijuana), By Sales Type (B2B, B2C), By End-use (Medical, Personal Use), By Region, And Segment Forecasts, 2024 - 2030
Glanbia Naturals -Healthy Snacking Trends in Europe*



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Thank you!

