

ASX Announcement

15 JUNE 2021

ELIXINOL WELLNESS TO PRESENT AT MST ACCESS AUSTRALIAN MICRO & SMALL CAPS CONFERENCE 2021

Elixinol Wellness Limited (**Elixinol Wellness** or the **Company**) (**ASX:EXL; OTCQB:ELLXF**) is pleased to announce that it will be presenting at today's MST Access Australia Micro & Small Caps Conference.

The presentation will be given by Global CEO Oliver Horn and Global CFO Ron Dufficy and will be held today, Tuesday, 15 June 2021 at 2.45pm AEST. A copy of the presentation pack is attached to this announcement and is also available on the Elixinol Wellness global website.

To join this free live investor briefing, please click the webinar link below:

<https://mstfinancial-au.zoom.us/j/88547691506>

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

June 2021

Disclaimer

This presentation contains summary information about Elixinol Global 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

Building a global, natural health and wellness consumer products business.

Our Mission

Making a positive contribution to people's health, wellness and the planet through the power of hemp and natural products.



Quality & transparency

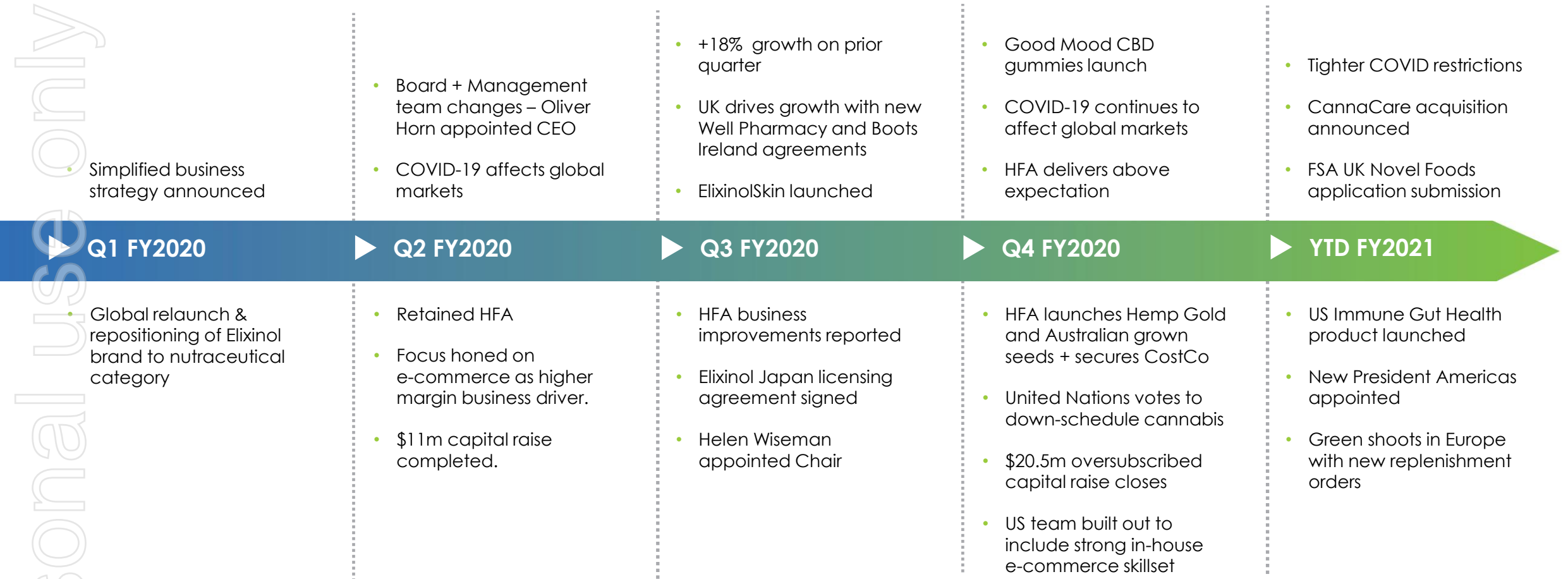


Heritage



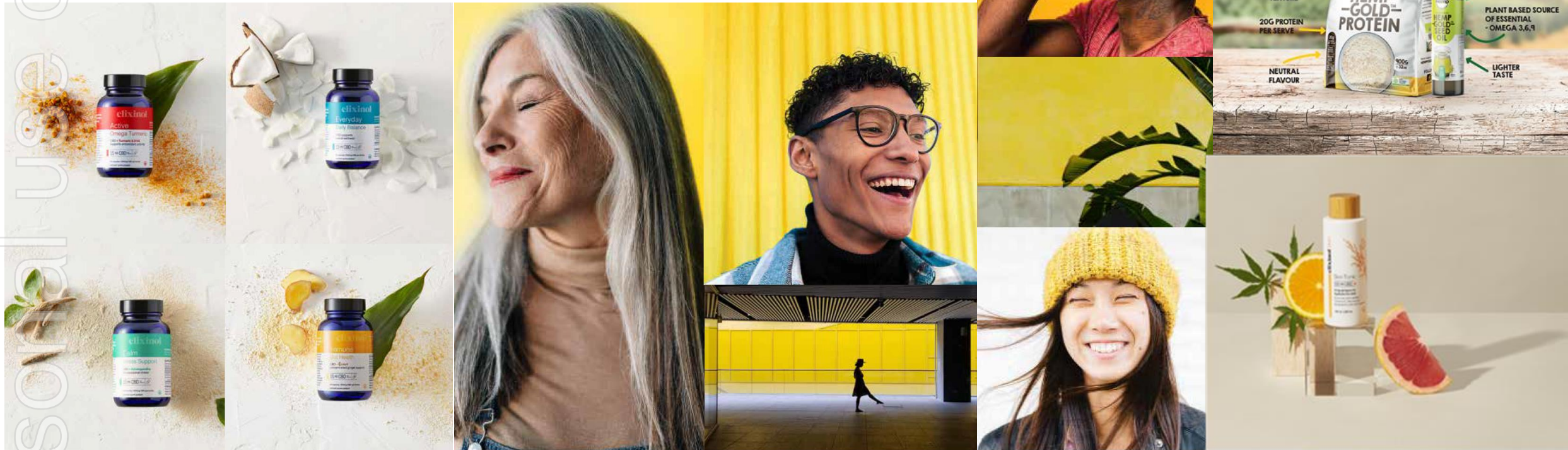
Compliance focus

Our year of transformation in review



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.

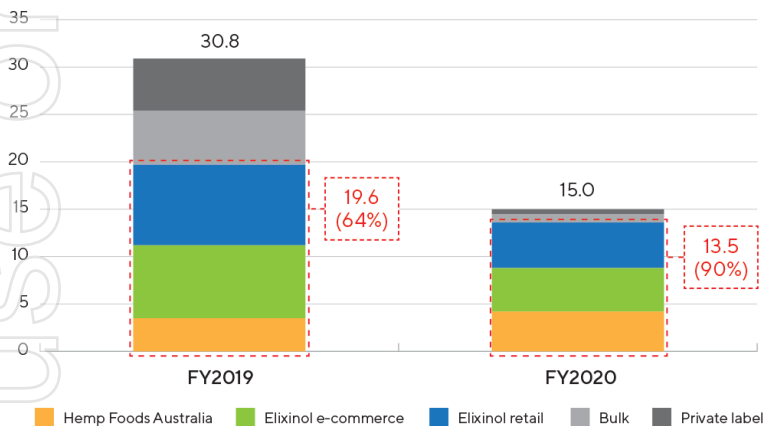


FY2020 financial summary

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.

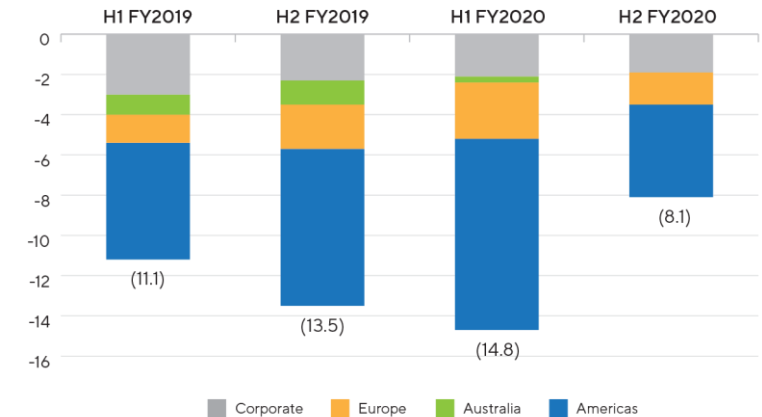
↑ 37%

\$27.7m

Vs \$20.2m in FY2019

Adjusted EBITDA by Half

A\$ million, 31 December year end



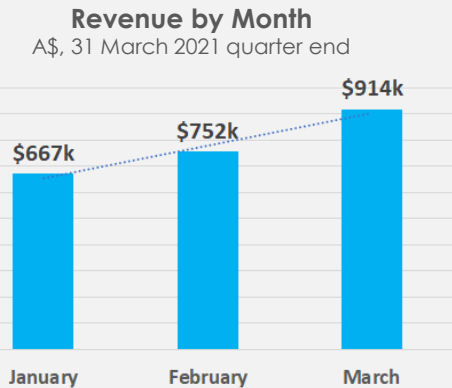
Adjusted EBITDA**

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

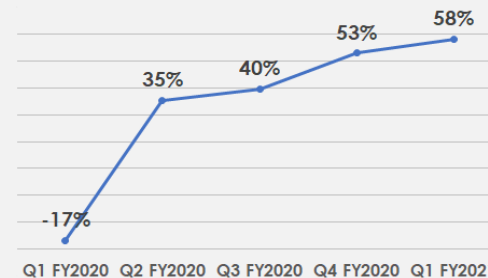
Q1 FY2021 revenue of \$2.3m – 26% decline on previous quarter vs Q4 FY2020 of \$3.1m, reflecting normal seasonality, compounded by COVID-19 in key markets

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

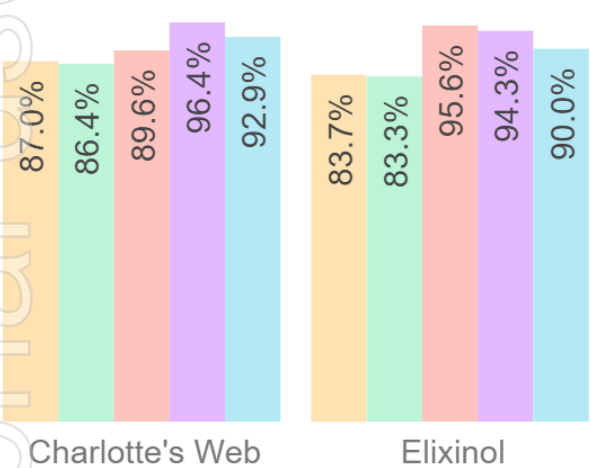
UK: Superdrug launch & emerging from lock-downs
Full range launch in UK's Superdrug and start of replenishment orders post FSA NFA validation

Elixinol brand health US

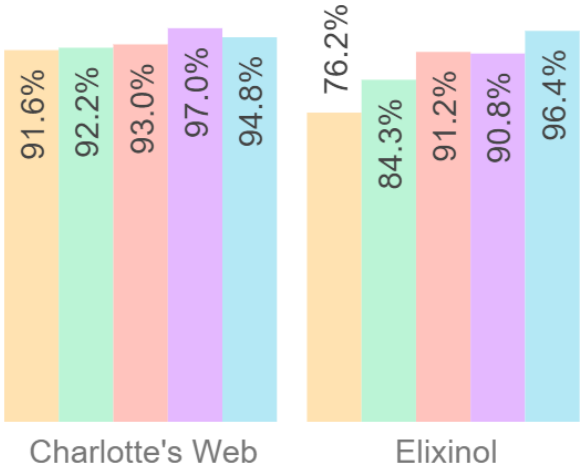
Elixinol is perceived as a high quality and effective brand that compares favourably against the market leader. The brand relaunch and re-positioning has materially improved the brand's brand health metrics and is seen as a highly effective and well-priced brand.

Purchase Again

W1 2020 W2 2020 W3 2020 W4 2020 W1 2021

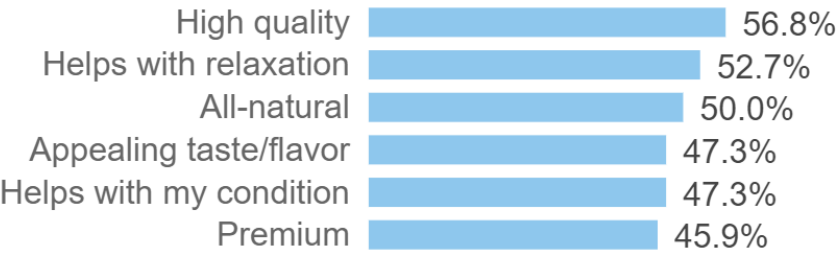


Overall Satisfaction



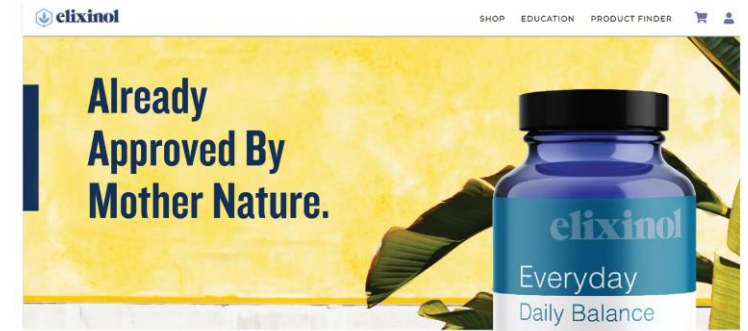
Category	%	Rank
Level of Effectiveness	91.5%	14
Packaging	90.4%	18
Price	88.7%	8

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)

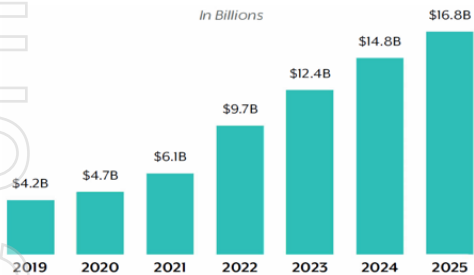
Revenue	82%
Average Order Value	9%
Ecommerce Conversion Rate	25%



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.

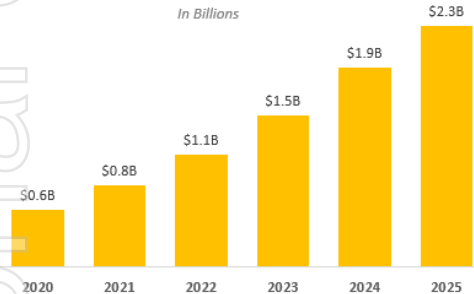
US CBD Market Size & Forecast (2019-2025)



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 products to remain on shelf whilst the application is being processed.

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.

Acquisition of CannaCare Health to create a leading Pan-European CBD business

Announced on 15 March 2021



CannaCare overview

CannaCare presents an opportunity to take a significant share of Europe's fastest growing CBD market.

- Established 2018, based in Hamburg
- Extensive product range with 20 SKUs mainly consisting of oil, sprays and cosmetics marketed under CANOBO brand
- CANOBO #1 brand in German bricks and mortar retail with over 4,500 distribution points and an estimated market share of 42%¹ in the drugstore channel
- CANOBO first brand investing in broad reach media with several TV ads driving national consumer appeal
- Capital light model with outsourced supply chain
- Strict quality controls and independent testing regime
- New cosmetics in wide distribution and early sell-through success



Canobo TV Spot Entspannen

YouTube · Canobo CBD
18 Sept 2020



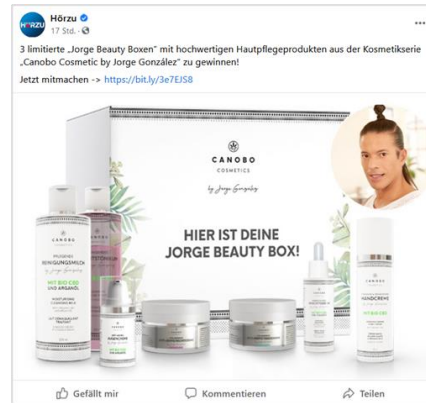
Canobo TV Spot Chillen

YouTube · Canobo CBD
18 Sept 2020



Early skincare success

Skincare range launch in April achieved extensive distribution and early re-orders. Canobo skincare is Mueller's best selling new cosmetic line.



Extensive integrated media campaign results

- Press coverage to-date: 14.5m
- Additional media in May (expected): 6m
- Online ads: 32 Ads / 3.2m impressions
- Insta: 3.2m followers
- Media-Cooperation Funke in may: 76m

Synergies and growth outlook

An acquisition of CannaCare will deliver Elixinol immediate material scale in Germany, while creating significant long-term value through a high growth market trend, identified cost synergies and potential cross-selling opportunities.

Strategic Rational & Synergy Opportunities

- ✓ Access to EU's #1 growth market with leading consumer brand Canobo in 4500+ distribution points
- ✓ Improved regulatory environment legitimising CBD as food product and driving wider distribution and consumer adoption.
- ✓ Profitable business with opportunity to positively contribute to cash generation
- ✓ Opportunity to create pan-European CBD powerhouse and combined business
- ✓ Cross-selling mutually exclusive and differentiated product portfolio
- ✓ Access to fast growing adjacent German speaking markets
- ✓ New cosmetics range offering access to new large-scale distribution
- ✓ Integration of back-office and operations functions to reduce cost of doing business
- ✓ Improved buying power resulting in lower COGS



Key people

FRANK OTTO

Strategy Partner & Shareholder

Serial founder in the media industry

Founder and investor of many successful corporations (e.g. VIVA Music-Television)

Will join the Board of Elixinol Global as Non-Executive Director



OLIVER HAIST

Managing Director

L'Oréal – Group Key Account Manager FMCG

Philips – International Head of Sales FMCG

Leifheit – Export Director

Estée Lauder – Head of Sales and Marketing Germany



Transaction summary

Elixinol plans to acquire leading German-based CBD business, CannaCare with acquisition expected to fast-track revenue growth and accelerate pathway to group profitability

Attractive, EBITDA accretive acquisition

- **Up-front purchase price of €9m**, comprising: €3m cash; and €6m of Elixinol scrip
- Up-front consideration implies 3.5x EV/revenue (LTM 31 December 2020) and **2.2x EV/revenue** (based on annualised run-rate Q4 FY2020 revenue)
- Performance-based earn-out of **up to €15.0m** in Elixinol scrip, subject to achieving certain earn-out milestones
- At minimum threshold of €6.5m for an earn-out to be paid, CannaCare revenue would constitute **+66% revenue growth** on Elixinol Global's FY2020 audited revenue

**Under the earn-out,
CannaCare would
contribute between
A\$10-20m
in annual revenue
and between A\$2-4m in
annual EBITDA in FY2021**

Financial Implications

The following sets out some key effects to the Company as a result of the Proposed Transaction proceeding:

Scenario:

Upfront - cash (€3m)
 Upfront - scrip (€6m)
 Earn-out - scrip (between €0m-€15m)
Total Purchase Price (A\$m)

Nil earn-out ²	Max earn-out ⁴
4.6	4.6
9.2	9.2
=	<u>23.1</u>
13.9	36.9

¹ Elixinol Group financial statements for year ended 31 December 2020 (audited). Annual EBITDA excludes asset impairment expenses.

² CannaCare FY2020 are unaudited and are shown on a pro forma basis. Upfront consideration of €9m, with €6m to be paid in Elixinol shares (converted to AUD at 22 February 2020 EUR/AUD exchange rate of 1.5389). Shares are issued at Elixinol's 2 month VWAP prior to 22 February 2021 of A\$0.2105.

³ CannaCare FY2021 nil earn-out scenario shown where FY2021 revenue is <€6.5m @ minimum 20% EBITDA and therefore no earn-out is payable (converted to AUD at 22 February 2020 EUR/AUD exchange rate of 1.5389).

⁴ CannaCare FY2021 max earn-out scenario where FY2021 revenue is >€12.9m and minimum 20% EBITDA yielding a maximum potential earn-out of €15m payable as Elixinol shares which will be priced at 15 day VWAP prior to 31 March 2022 (for the purpose of this scenario, amounts shown assume an EUR/AUD exchange rate of 1.5389 and assumes 15 day VWAP prior to 31 March 2022 to be A\$0.2105).

Scenario:

A\$m

Total Assets
 Total Liabilities
 Total Equity Interests
 Total Securities on Issue (m)
 Annual Revenue
 Annual EBITDA

Before transaction	Increase/(decrease) due to transaction			
	Nil earn-out		Max earn-out	
	CannCare			
	Elixinol			
FY2020 ¹	FY2020 ²	FY2021 ³	FY2020 ²	FY2021 ⁴
42.5	10.0	-	10.0	23.1
6.8	0.8	-	0.8	-
35.7	9.2	-	9.2	23.1
314.7	43.9	-	43.9	109.7
15.0	4.1	< 10.0	4.1	20.0
(22.9)	-	< 2.0	-	4.0

Performance since March

CannaCare's performance in Germany has been consistent with our expectations, supported by a successful skincare launch

In FY2020 CannaCare delivered **\$4.3m (€2.6m)** of revenue with breakeven EBITDA (unaudited)

In Q1 FY2021 CannaCare delivered **\$1.5m (€0.9m)** of revenue with slightly positive EBITDA (unaudited)

The combination of CannaCare with Elixinol's UK business is expected to create an **EBITDA accretive pan-European business of scale**

Timetable

Event	Date
Despatch of Notice Of Meeting to shareholders (including Independent Expert's Report)	Thursday, 15 April 2021
Annual General Meeting	Monday, 17 May 2021
Targeted transaction completion	Monday, 5 July 2021
Issue of Upfront Consideration Shares	Monday, 5 July 2021
Issue of Earn-out Consideration Shares	Thursday, 31 March 2022
Upfront Consideration Shares released from voluntary escrow	Thursday, 31 March 2022

What's next...

Our core priorities are to re-ignite our US and UK businesses following severe COVID restrictions, integrate CannaCare into the Elixinol Group whilst fuelling the Canobo growth, further shifting our business to digital and optimise cost and margins.



US: phase 2 business transformation

Under new leadership addressing new growth channels

Close and embed CannaCare acquisition

Invest in profitable growth agenda to meet earn-out range

UK: reactivate national distribution post lock-downs

Activate Superdrug, Well Pharmacy and Alliance Healthcare post FSA NFA validation

Digital growth

Enhance customer acquisition & 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**

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

Well positioned in global CBD markets

with new scale in high growth Europe

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

ersonal use only

Thank You!



Elixinol Wellness

Natural wellness for people and the planet

ASX:EXL | OTCQB:ELLXF