



ASX Announcement

30 July 2020

ELIXINOL GLOBAL LIMITED'S FY2019 AGM CHAIRMAN'S ADDRESS

Good morning ladies and gentlemen and welcome to Elixinol Global's Annual General Meeting for the 2019 financial year.

My name is Paul Benhaim, and I am the Chairman of the Board. Joining me today is our Executive Director and Group CEO, Oliver Horn; Non-Executive Director, Helen Wiseman and our colleagues Ron Dufficy, CFO and Teresa Cleary, our General Counsel and Company Secretary.

Representing our auditors for the 2019 annual report is Helen Hamilton-James of Deloitte.

We will conduct today's AGM in three main parts, I'll share some information on the voting procedure, followed by the Chairman's address. I'll then hand over to Oliver, who will provide a business update and then we'll turn to the formal business of the meeting.

I would now like to take a few minutes to cover the past year in your company's history. And I'll start by sharing some of my own sentiments about why Elixinol Global was founded and listed.

When I started studying hemp in the early 1990s, nearly 30 years ago, I became attracted to the plant's low environmental impact, multiple uses and became focused predominantly on its nutritional benefits. Hemp is a truly sustainable plant – it requires a small amount of water to grow, is grown on every continent; and everything - the root, stem, flowers and seed may be used for many purposes.

From clothing, building materials, plastics and food to the various cannabinoids within hemp – the positive changes this plant could make to agriculture, industry, our health and wellbeing – of our people - as well as our planet - seemed too good to be true.

In the nearly 30 years since I first started researching hemp, I've written 9 books on the subject, have lectured as an educator and have helped many others start successful businesses in the area. The more I learn, the more I realise that all of those uses are truly real and together hold so much potential. I am as passionate about hemp now as I was when I first started to discover its variety of uses.



I have focused this passion about hemp into Elixinol Global and my position on the board enables our team to benefit from my passion and knowledge to execute on its growth strategy.

What we want to do with our CBD and hemp-based products is help people and the planet by providing the highest quality healthy options in wellness. For clarification we use the term “CBD” to refer to our plant derived full or broad spectrum, cannabidiol-based products.

We are proud to innovate and create these wellness products – be they food, dietary supplements or topicals, all from the one humble and sustainable hemp plant.

Elixinol Global was formed in 2016 as the holding company for three distinct businesses. And what have we done in that time?

Hemp foods Australia is a leading hemp foods brand in Australia. Founded in 1999 and based in Northern NSW, the company has been manufacturing, marketing and selling high quality branded products for more than 5 years.

In December 2019, the Board decided to divest this business to focus on our Elixinol CBD business. Since that time, after the previously negotiated sale was terminated due to COVID-19 related factors, and following substantially improved performance, the Board was pleased to announce recently that HFA would stay within the group. With the recent good news that the Australian Therapeutic Goods Administration is considering rescheduling CBD in Australia, this decision provides us potential to leverage the cost base and skillset in the HFA business to support potential opportunities emerging in the Australian cannabidiol (CBD) landscape. We are excited about retaining HFA within the group.

Then Nunyara - a medical cannabis business. At the time of IPO, the intention was to establish the cultivation, manufacturing and production of medical cannabis products, to leverage the IP and know-how we have in the US-based Elixinol business.

As time passed, we recognised that the return on investment was not in the best interest of shareholders.

It has been gratifying to find a path to the Australian market by way of our recently announced agreement with PharmaCann. I can't tell you how exciting it is for me to know that our hemp-derived CBD will help Australians under the Therapeutic Goods Administration's Special Access Scheme. And without any of the costs or heavy license responsibilities that would have come with Nunyara.

Elixinol has been a significant part of the group's focus from the beginning. Elixinol was involved in all parts of the industry: everything from farming to processing and sales of bulk, white label and branded goods.



In the past year, we made a strategic decision to move away from farming, bulk and white label, to focus on higher margin Elixinol branded products. We always wanted to be a branded products company. Five years ago, there were no quality CBD farmers, manufacturers or processors, let alone innovators. So, we became vertically integrated.

There are now many people who have jumped into the industry.

This has led to an oversupply of raw material and associated price drops. Although most of the product oversupply is low quality, the dumping of these raw materials onto the market disrupted the economics of our bulk and white label markets. All of this low quality raw material entering the market has led to many new brands entering the CBD space in the last few years – many of which do not have the experience or quality control systems that we are proud of within Elixinol.

This prompted Elixinol to focus on what we are best at – producing high quality, innovative, well-marketed consumer health and wellness products. Despite all the change and turmoil in our industry, we are pleased to have retained the reputation as being one of the most trusted brands in the US. And we also recognised a need for a global Consumer Product Goods specialist with deep knowledge of the wellness market – which is how we found our Group CEO, Oliver Horn.

In October of last year, following an operations review, the Company established that non-compliant hemp-derived CBD products were being sold by Elixinol Japan. Elixinol Global takes its compliance with legal and regulatory obligations very seriously and conducted an immediate investigation. As part of that investigation, Elixinol Global assessed if there were any viable commercial alternatives for its Japanese business at that time and ultimately decided to sell its 50.5% interest in Elixinol Japan. Our hemp foods sales to Japan and other markets meanwhile continued.

This week we announced that we had entered into a new license agreement that enables us to start a new chapter for Elixinol products in Japan, building upon the strong brand equity created over many years. This is great news for the people of Japan and our global brand, Elixinol.

The Board has been acutely aware of the importance of creating a fit-for-purpose business operation which uses cash wisely, particularly with the regulatory and COVID-19 environment we are operating in.

The Company has made a substantial investment into creating the platform to build Elixinol into a globally recognised, high quality, nutraceutical CBD brand.



Through our strong intellectual property position in Australia, the US and Europe, we have created a robust global platform to enable the company to sell innovative and industry leading Elixinol branded products.

Building supply and distribution chains, predominantly in the higher margin, direct to consumer channels and key strategic partners.

As the market changed in the US and a lot of competitors came into the market, I felt strongly that we needed a team with a successful track record and commercial experience in building market-leading consumer brands. The decision was made to review the full Board. This was a necessary, yet disruptive process. The result is that I feel we are in a much stronger position from which to rebuild the business moving forward.

Many of you will be meeting our new Group CEO, Oliver Horn for the first time today. Having worked very closely with Oliver for the last few months, I feel confident that with his leadership expertise and knowledge of the nutraceuticals market, Elixinol is in good hands.

Of course, having a leadership change in this environment is not a small feat. It will be apparent from Oliver's presentation that he has taken strong and decisive action to put Elixinol in the strongest position,

Thank you to new and long-term shareholders for believing in this vision and allowing us the time and space to show you the passion that we have for hemp; the experience and zeal that our new Group CEO has for CPG and the overall capability our global team has to deliver.

Now let me add that although my intention is to support the business in the long-term in the best way I can. I see my position as very much an interim step and in line with that, the Company is running a process to find a new Chair of the Board. The timing of any appointment of a new Chair depends on who we meet, the macro environment and the best timing for Elixinol Global and its shareholders and we will update the market once the appointment has been made.

As has been made clear, we have continued to focus on our commitment to fostering a culture of compliance. Among other initiatives this led to the highly talented Helen Wiseman being appointed as an independent Non-Executive Director.

Helen is an audit committee specialist with extensive international experience in food, pharmaceuticals, natural healthcare and manufacturing industries, among others.

As a former partner of KPMG and previously named as one of the 2014 Australian Financial Review and Westpac 100 Women of Influence, Helen brings diversity and seasoned governance skills to the board.



I have personally found Helen a pleasure to work with, especially in terms of her diligence and in her role as Chair of the Audit & Risk Committee. Helen's professionalism and the wisdom she brings to the Board are both exceptional.

Together we move forward with intense focus on advancing the business to a profitable and sustainable position whilst achieving our vision of bringing healthy products to people and the planet.

With that, I would now like to now hand over to our Group CEO, Oliver Horn.

Thanks Oliver.

Investors are invited to review the CEO's presentation also released to the ASX today for the narrative which follows on from the Chairman's address.

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

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 hemp derived CBD products. The Company's simplified business model is focusing on:

- In the Americas, innovating, manufacturing and selling high quality Elixinol branded hemp derived CBD products based in Colorado, USA
- In Europe & UK, educating and selling high quality 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
- Hemp Foods Australia Pty Ltd (Hemp Foods Australia), 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 Elixinol branded hemp derived CBD products through reputable distributors as key markets open.

See more at www.elixinolglobal.com