



ASX Announcement 20 July 2020

Hemp Foods Australia remains with EXL due to improving performance

- **Positive improvement observed in Hemp Foods Australia's operating performance**
- **In light of enhanced performance and pathway to profitability, Board is no longer seeking to exit the business**
- **Additional optimisation initiatives under way**

Elixinol Global Limited (**Elixinol Global** or the **Company**) (**ASX:EXL; OTC:ELLXF**) is pleased to provide an update regarding the Board's ongoing review of one of the Company's subsidiaries, Hemp Foods Australia (**HFA**)

On 25 May 2020, Elixinol Global announced that the share purchase agreement (**SPA**) for the sale of HFA was terminated by the buyer due to non-satisfaction of a condition precedent in the SPA, citing COVID-19 impacts. At the time the SPA termination was announced, the Company said it would continue to operate the HFA business pending an evaluation of all opportunities to capitalise on HFA's established position as one of Australia's strongest hemp foods brand.

In H1 FY2020 the HFA business reported revenues of \$2.0m (unaudited) compared with \$1.6m in H1 FY2019. EBITDA losses have been significantly reduced to a loss of \$0.3m (unaudited) in H1 FY2020 compared with a loss of \$1.8m in full year FY2019.

Despite the sale process having been in progress since 2019 and associated disruption to the business throughout that period, in recent months a significant improvement in the HFA business fundamentals has been realised and HFA will now be accounted for as a continuing business rather than a discontinuing business in the Group's financial statements.

Given the improved dynamics and outlook, the Company has decided to continue the HFA operations, whilst exploring potential to leverage the cost base and skillset in the HFA business to support opportunities emerging in the Australian cannabidiol (**CBD**) landscape.

Elixinol Global's Group CEO, Mr Oliver Horn, commented: "Under strong management, HFA has delivered improving performance and we have put in place measures to further optimise the HFA business. As a result of the stronger performance, we are now working towards harnessing this positive momentum. With the TGA potentially relaxing Australian CBD regulations we are also exploring further synergies with HFA in bringing Elixinol branded products to market."



The Company looks forward to keeping shareholders updated.

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

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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