



ASX Announcement
23 May 2019

Elixinol Global FY2018 AGM, Chairman's address

I would like to firstly look back on the achievements of the financial year ended 31 December 2018 (FY2018), a year which saw Elixinol Global make substantial progress in its first year as a publicly listed company. During the year, we took significant steps toward our ambition of being a market-leading player in the hemp and the emerging cannabis sectors.

Our ASX listing in January 2018 was important to provide the Company with access to public capital markets within an industry which exhibits great potential. We were pleased with the strong support of shareholders at the IPO and with our subsequent capital raise in September, which was designed to support the acceleration of our international growth plans.

A goal of our IPO was to bring together three separate businesses operating in distinct geographies. We saw potential to leverage the synergies between these businesses. We also planned to capitalise on the opportunities provided by being invested in a range of emerging cannabis related sectors. These included hemp, CBD dietary supplements and wellness products and hemp food products. We also stated our intention to enter the medical cannabis sector.

In our Prospectus, the Directors shared their belief that the Company was well positioned to take advantage of current and future growth prospects, globally. Looking back across the year, I believe we can point to many examples of where the Company has successfully executed upon this belief.

One highly tangible measure is our top line revenue growth, which saw Elixinol Global deliver \$37.1m in revenues for FY2018, 121% up on the pro forma FY2017 result.

Our global business

Elixinol, based in Colorado, sells hemp derived CBD consumer products such as CBD oils in North America as well as Europe and Asia Pacific. During the past financial year, Elixinol accounted for approximately 87% of Elixinol Global sales.



Elixinol has been our top performing business, and it showed sustained quarter on quarter growth during FY2018. This strong performance is underpinned by our strategy to increase the Company's share of the quickly growing CBD dietary supplements and wellness products market. Scale of operations is required to deliver upon this plan, and this saw us invest in teams, additional production capability, infrastructure, product development, regulatory, sales and marketing.

In December 2018, the US President passed the US Farm Bill into law. As our CEO, Paul Benhaim will discuss during his presentation, this carries with it significant growth opportunities for the industry and for our Company.

Favourable legislative changes meant that Hemp Foods Australia was permitted to sell hemp food products in Australia from November 2017. While we remain focused on our core products, the significant longer term opportunity remains in branded products. New branded products including snack bars and hemp burgers have been introduced, providing the Company with the opportunity to go back to existing customers and expand our offering to them.

Just prior to our ASX listing, legislation had been passed in Australia to enable the cultivation of cannabis for medicinal and related research purposes. While we can count many wins in FY2018, a significant disappointment is that our start-up medicinal cannabis company, Nunyara has not yet received the requisite licensing from the Office of Drug Control to enable the Company to proceed with its plans. We are however ready to commence executing upon our business plan pending license approvals and have purchased the site on which we plan to build our state of the art integrated cultivation and manufacturing facility.

We made several important investments either during or post the period.

In April 2018, we invested in a farming venture with Kersey Ag, called the Northern Colorado High Plains Producers Joint Venture (or NCHPP) to support our hemp supply. In combination with contracted supply, this investment leaves us well positioned to meet our raw material requirements for 2019.

In September 2018 we took a 50.5% ownership interest in our distribution partner, Elixinol Japan. The appetite for premium CBD products, favourable regulatory frameworks and growing brand recognition for Elixinol Japan all combined to make this an attractive investment for Elixinol Global.



In April 2019, we acquired a 25% stake in Pet Releaf, the market leading US-based CBD pet products company. By acquiring an equity interest in Pet Releaf, Elixinol will partner and strengthen its relationship with a major customer and secure a profitable investment in the fast-growing hemp-derived CBD pet products market.

Governance across a new group

The IPO listing brought together many different teams, who have stepped up to the challenge of working with purpose towards a common goal, to grow the Elixinol Global businesses by bringing excellent products to consumers within a framework of strong corporate governance.

As a group of companies in the cannabis sector, we operate in a complex legal environment. This has necessitated that Elixinol Global put significant resources into our risk and governance initiatives. Our work here is designed to ensure we have a platform where we can assess risk across our group in a consistently evolving legal landscape. This task is an ongoing one, but I am pleased with our progress.

Our employees must now work within a new framework of added complexity under ASX reporting and disclosure obligations to our shareholders and stakeholders more broadly. The whole team across the Elixinol Global group has done very well to understand their obligations, from our management through to everyone working in the operational divisions in the USA, Australia, Europe and Japan.

Looking ahead

We have a unique opportunity to leverage our strong brand and reputation for quality in a fast-growing industry. We will continue to re-invest profits to build scale and focus our attention on growing. We are investing now into becoming a much larger business and thank you our shareholders for your support along the way.

Thank you, ladies and gentlemen. That brings me to the close of my address.

Are there questions before we proceed to the formal part of the meeting and hear from our founder and CEO Paul Benhaim?

Andrew Duff
Chairman
Elixinol Global Limited



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About Elixinol Global

Elixinol Global Limited (ASX:EXL; OTCQX:ELLXF) through its businesses has a global presence in the cannabis industry including hemp-derived CBD dietary supplements, hemp food and wellness products, as well as cultivation and manufacture of medicinal cannabis products. EXL's businesses include:

- Elixinol LLC ("Elixinol"), founded in 2014, is a manufacturer and global distributor of hemp dietary supplement and skincare products, with operations based out of Colorado, USA.
- Hemp Foods Australia Pty Ltd ("Hemp Foods Australia"), founded in 1999, is a leading hemp food wholesaler, retailer, manufacturer and exporter of bulk and branded raw materials, and finished products.
- Nunyara Pharma Pty Ltd ("Nunyara"), formerly known as Elixinol Australia, was founded in 2014 to participate in the emerging Australian medicinal cannabis market and submitted licence applications for cultivation and manufacture to the Office of Drug Control in early 2018. These applications are currently pending approval.

See more at www.elixinolglobal.com