



## ASX Announcement

23 October 2019

### Market Update – Elixinol Japan Operations

#### Market Update

**Elixinol Global Limited (Elixinol Global or the Company) (ASX:EXL; OTCQX:ELLXF)**, today announces that the Company has established that non-compliant hemp-derived CBD products were being sold by Elixinol Japan.

The breach was discovered internally following the recent review of each global business unit's operations. The Company takes its compliance with all legislation and regulations seriously and is conducting an investigation into the circumstances of the non-compliance in relation to the hemp-derived CBD business unit within Elixinol Japan.

The non-compliance relates to the strict requirements in Japan on sourcing CBD from only hemp stalk and seed. The Company expects that the investigation (which involves an independent legal expert) will be completed by mid-November 2019.

The Company increased its ownership in Elixinol Japan from 10% to 50.5% for A\$2.2 million in September 2018. In H1 FY2019 Elixinol Japan contributed A\$1.6m revenue (but was not expected to contribute to earnings in FY 2019), which represents 8.7% of group pro forma revenue of A\$18.3m for H1 FY2019.

The Company will be assessing the commercial viability of the hemp-derived CBD business unit within Elixinol Japan and provide a market update after that assessment is completed. The Company will continue to focus on building upon its recently announced successes in expanding its distribution in other markets.

For more information please contact:

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### **About Elixinol Global**

Elixinol Global Limited (ASX:EXL; OTCQX:ELLXF) is a global leader in the cannabis industry, selling hemp-derived CBD dietary supplements, hemp food and wellness products, as well as the cultivation and manufacture of medicinal cannabis products.

Elixinol Global's businesses include:

- Elixinol LLC (Elixinol), a manufacturer and global distributor of industrial hemp based dietary supplement and skincare products, with operations based out of Colorado, USA;
- 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; and
- Nunyara Pharma Pty Ltd (Nunyara), founded in 2014 to participate in the emerging Australian medicinal cannabis market. Nunyara holds a manufacturing licence and its application for cultivation to the Office of Drug Control is currently pending approval.

See more at [www.elixinolglobal.com](http://www.elixinolglobal.com)