



ASX Announcement
24 April 2019

Elixinol to acquire 25% equity interest in Pet Releaf, the market leading US-based CBD pet products company

HIGHLIGHTS:

- **Elixinol Global (EXL) to acquire, through its wholly-owned subsidiary Elixinol LLC (Elixinol), 25% equity interest in Altmed Pets LLC, trading as Pet Releaf**
- **Pet Releaf is the pioneer and market leading pet brand for hemp-derived CBD oils, topical creams, and edibles**
- **Elixinol to pay Pet Releaf US\$4.4 million in cash and US\$1.9 million in EXL scrip with the majority of proceeds to be used for working capital to facilitate growth**
- **In FY2018, Pet Releaf had revenue of US\$8.1 million, a significant increase on FY2017 revenue of US\$2.8 million**
- **Pet Releaf achieved continuous monthly growth during FY2018 with monthly revenues at year end of US\$1.0 million**
- **Elixinol's equity investment into Pet Releaf follows a longstanding relationship of over 4 years, through which Elixinol exclusively produces and supplies CBD extracted from exclusive organic hemp strains grown specifically for Pet Releaf products**

Elixinol Global Limited (EXL or the Company) (ASX:EXL; OTCQX:ELLXF), a global company operating in the industrial hemp, dietary supplements and emerging medicinal cannabis sectors, is pleased to announce that it will acquire 25% of Altmed Pets LLC (**Pet Releaf**), through its wholly-owned subsidiary, Colorado-based Elixinol LLC (**Elixinol**). The agreement will see Elixinol make a financial investment into the high-growth cannabidiol (**CBD**) pet products market.

The investment is an extension of a long-standing relationship with Pet Releaf to which Elixinol has been the exclusive supplier of CBD extracts from Pet Releaf's exclusive strains of hemp since inception and has shared its best in class manufacturing expertise to select Pet Releaf-branded products. The founders of Pet Releaf and Elixinol have shared scientific, farming, and production ideas, costs and expertise for many years. Those groundbreaking years have built the cornerstone that ensures this formal agreement will yield significant benefits for both companies as the hemp and CBD category enters a new phase of growth.

Also based out of Colorado, Pet Releaf is the pioneer and market leading pet brand for hemp-derived CBD oils, topicals and treats for pets. Pet Releaf products are currently sold in over 4,000 independent pet stores throughout the USA and in multiple international markets. Together, the two strong brands



leverage seed to sale supply chain efficiencies with extensive scalability, in-house scientific expertise and proprietary processing technologies.

The majority of the funds received from Elixinol will be utilised by Pet Releaf to fund working capital and scale the business for expected continued growth including new product lines, key strategic hires and increased capacity in a new state of the art 25,000 square foot production facility.

In addition to being a sales channel for Pet Releaf products, Elixinol is the exclusive supplier of final hemp extract sourced from the USDA Organic certified hemp strain grown specifically for Pet Releaf. Pet Releaf was a foundation customer of Elixinol, with both businesses commencing around the same time in mid-2014.

Pet Releaf business performance and deal terms

In FY2018 (December year-end), Pet Releaf generated revenue of approx. US\$8.1 million (unaudited) which was up significantly on FY2017 revenue of US\$2.8 million. Pet Releaf is profitable and has achieved continuous monthly growth during FY2018 with monthly revenues at year end of approximately US\$1.0 million and new revenue channels ready to be launched.

Pet Releaf recently achieved its 16th consecutive revenue growth quarter and 16th consecutive best quarter ever in the company's history, thanks to growth in its entire portfolio of product lines.

Elixinol will acquire 25% of Pet Releaf for a purchase price of US\$4.4 million cash plus fully paid ordinary shares in EXL valued at US\$1.9 million.

The EXL shares issued to the co-founders of Pet Releaf as partial consideration will be issued under EXL's additional 10% placement capacity in accordance with ASX Listing Rule 7.1A and as such, no shareholder approval is required.

Existing holders of ordinary securities in the Company will be diluted by 0.42% as a result of the scrip issue. No underwriting arrangements were entered into in connection with the Issue and no fees will be paid in connection with the Issue other than the standard fees payable to the ASX and the Company's share registrar for any new issues of shares. Shares will be allotted and trading is to occur on 25 April 2019.

Upon completion of Elixinol gaining an equity interest, Elixinol President Gabriel Ettenson will join the Pet Releaf Board.



A key investment into hemp-derived CBD pet products

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 while ensuring Pet Releaf has the additional financial resources to innovate, expand and scale.

Elixinol President, Gabriel Ettenson commented, “Hemp-derived CBD pet products are a rapidly growing category and one which Elixinol customers have a strong interest in. In addition to having Elixinol as a major distribution partner, Pet Releaf is the most widely distributed hemp and CBD pet product on the market, both online and through over 4,000 retail pet locations globally. This investment enables closer alignment with Pet Releaf and allows us to share in the upside that further growth in sales of the Pet Releaf brand will bring.”

“We’ve long enjoyed our relationship with Pet Releaf. This deal strengthens our supply agreements and mutual and synergistic distribution networks. It ensures Pet Releaf products, which so many dog and cat lovers rely on, will have scalability and ongoing quality of supply.”

Commenting on the equity investment by Elixinol, President and Co-Founder of Pet Releaf, Stephen Smith said, “Pet Releaf and Elixinol share the same values in sourcing and end-product superiority. This partnership of two best-in-class companies means Pet Releaf will gain additional working capital to be able to expand our reputation for innovation, increase our scientific and international expertise, while still maintaining our ‘from seed to sale from plant to pet™’ approach.”

Pet Releaf was also named by the Hemp Business Journal as a leading brand to watch in the entire CBD space. The current focus on pet and animal products is in the dogs and cats category which is expected to expand to include equine sports (e.g. horse racing, polo, dressage, rodeo) and potentially to small mammals and more exotic mammals.

“We are the original founders of the hemp/CBD space in the pet industry, which is a completely different universe to the human world because canines and felines have very different endocannabinoid systems and needs to humans,” said Pet Releaf’s Stephen Smith. “Through this new capital investment, we are strongly positioned to forge ahead as industry innovators and to continue with our mission to change what healthy means for pets.”



Investor relations and media please contact:

Australia

Glen Zurcher

Account Director, IR Department

IR@elixinolglobal.com

+61 420 249 299

United States of America

Cody Slach

Managing Director, Liolios Group Inc

USIR@elixinolglobal.com

+1 949 574 3860

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