



ASX Announcement  
24 September 2018

## **Elixinol Global to increase ownership in Elixinol Japan to 50.5%**

### **HIGHLIGHTS:**

- **Elixinol Global via its wholly owned subsidiary, EXL International Holdings, to own 50.5% of Elixinol Japan**
- **Cash invested will provide working capital to scale the business for anticipated growth in the Japanese market for hemp-derived CBD, foods and skincare**

**Elixinol Global Limited (EXL, Group 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 via its wholly owned subsidiary, EXL International Holdings, it will increase its ownership in a newly restructured Japanese CBD and hemp foods business, to be named Elixinol Japan to 50.5% for A\$2.2 million pursuant to a binding Heads of Agreement executed on 22 September 2018.

Currently, Elixinol USA holds a 10% interest in Elixinol Japan and Hemp Foods Australia holds a 25% interest in Hemp Foods Japan. Following completion of the investment, EXL International Holdings will own a 50.5% interest in the restructured business comprising both Japanese entities and will be included in the Group's consolidated financial statements. The strategic investment by EXL will provide working capital to scale the business for anticipated growth in Japan's cannabidiol (CBD) and hemp foods and skincare markets.

In 1H FY2018 Elixinol Japan generated pro-forma revenue of A\$0.6 million and a breakeven EBITDA position. These unaudited results were an improvement on full year 2017 revenue of A\$1.0 million and EBITDA of A\$(0.2) million loss. The investment by EXL will be funded by the Group's existing cash which was A\$14.2 million as at 30 June 2018. The investment, which is subject to various closing conditions and statutory notice periods, is expected to be completed by 31 October 2018.

Paul Benhaim, EXL CEO said, "Japan is a health conscious market and one which is quickly starting to recognise the nutritional and health benefits of hemp-derived CBD and hemp food products. After many years working closely with the Japanese team to promote our products, we are seeing signs that this market is poised for growth and that the regulatory support is there to enable this to occur. We believe this is an ideal time to increase our interest in this flourishing market."



In May 2018, the first hemp-derived CBD advertising billboard was allowed in Japan – at Tokyo’s Omotesando train station, promoting Elixinol’s CBD products. Makoto Matsumaru, CEO of Elixinol Japan said, "with the backing of a supportive trade environment in Japan, we are able to bring hemp and CBD-based products to Japanese consumers that fit with their health conscious lifestyle."

“Using innovative marketing and working with important opinion leaders, we have been building the Elixinol and Hemp Foods ranges into well respected brands in Japan. We have established distribution into the best Japanese supermarkets and outlets, and are now focused on growing our market and sales. This investment from EXL will enable us to further grow the market and retain our reputation as the number one hemp-derived product supplier in the Japanese marketplace.”

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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, food and wellness products, as well as the cultivation and manufacture of medicinal cannabis products. Elixinol Global’s businesses include:

- Elixinol USA, which was founded in 2014, is a manufacturer and global distributor of industrial hemp based dietary supplement and skincare products, with operations based out of Colorado, USA;
- Hemp Foods Australia, which was founded in 1999, is a leading hemp food wholesaler, retailer, manufacturer and exporter of bulk and branded raw materials, and finished products;
- Elixinol Australia, which 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](http://www.elixinolglobal.com)