



ASX Announcement

21 December 2018

Trade and marketing opportunities open for Elixinol following signing of 2018 Farm Bill by the US President

Key points:

- **The President of the United States has signed the 2018 Farm Bill, which includes the Hemp Farming Act of 2018 (S.2667), confirming the Bill has now been fully passed and enacted into law**
- **Under the new law, hemp is removed from the Controlled Substances Act, allowing it to be regulated as an agricultural crop**
- **New status as an agricultural commodity provides hemp farmers with access to banking and insurance and federally controlled water rights, whilst also enabling more open advertising and marketing initiatives**
- **Research by Brightfield Group revises projected size of US market for hemp-derived CBD from US\$2b to US\$22b in 2022 (from 55% CAGR to 138% CAGR)**

Elixinol Global Limited (EXL, Group or the Company) (ASX: EXL; OTCQX: ELLXF), a global company operating in the hemp, dietary supplements and emerging medicinal cannabis sectors, is delighted to announce that the President of the United States has signed the 2018 Farm Bill, which includes the Hemp Farming Act of 2018 (S.2667), confirming the Bill has now been fully passed and enacted into law. As a result, hemp has been officially removed from the Controlled Substances Act (hemp removed from the definition of marijuana) and will now be regulated as an agricultural crop.

This is a major victory for hemp CBD (cannabidiol, a non-psychoactive extract from the hemp plant) companies whose products are non-psychoactive like EXL's US-based business, Elixinol as it removes any federal regulations preventing them from growing, marketing and selling hemp as an agricultural commodity. It also provides easier access to federally regulated services such as banking and insurance, as well as utilities such as water rights.

Commenting on the signing of the 2018 Farm Bill, EXL's CEO, Paul Benhaim said, "This is a momentous development for Elixinol as a market leader in the hemp CBD space. The legislation change will create significant growth opportunities for Elixinol as it removes existing barriers to trade by more widely opening up the ability for us to access crop insurance, banking and insurance services without restriction. It also means we will be able to more openly advertise and market our products directly to consumers in the US and we further expect this development will be looked at closely by governments of other countries, including Australia."



He continued, “Through our joint venture NCHPP, Elixinol already grows hemp in Colorado for hemp CBD products, but for companies like us who are expanding their need for domestic US hemp, the new law provides assurances that consumer demand for CBD products can continue to grow and a solid US-based supply chain will be in place for the foreseeable future.”

Elixinol will now appoint recognised advertising, public relations and marketing agencies to help build national brand awareness. Sales activities will focus on penetrating mainstream national distribution channels to commence distribution of hemp CBD products, as well as increasing digital marketing campaigns to grow direct to consumer e-commerce sales.

Market overview

According to the recently revised Brightfield Group report (2018), hemp CBD sales in the United States are forecast to grow from US\$174m in 2016 to US\$22b by 2022, a CAGR of 138% (2017 report previously projected sales of US\$2b in 2022, CAGR of 55%).

Elixinol operations

Elixinol is a Colorado-based hemp CBD dietary supplements manufacturer with a top five hemp CBD brand in the US according to Forbes. Established in 2014, it generated A\$12.5 million in sales from hemp-derived products in 1H FY2018 (calendar financial reporting year-end). The operation sells domestically and exports to over 40 countries through its distribution network.

Elixinol has a diversified portfolio of best in class products, including hemp-derived, full-spectrum, CBD extracts, tinctures, capsules, liposomes, topicals and a variety of animal health products. This new legislation enables Elixinol to target the mainstream FMCG market including national retail outlets. Elixinol plans to work closely with these outlets to expedite the widespread availability of the Company’s portfolio of CBD products.

Elixinol development plans

As outlined in EXL’s IPO strategy, Elixinol plans to significantly expand its hemp cultivation and manufacturing operation to meet ongoing revenue growth and significant future demand.

Elixinol has an important supply agreement in place with Colorado Cultivars, through which it has access to minimum guaranteed quantities of high-quality CBD hemp through to 2019. In April 2018, to further secure its supply of hemp, EXL announced a farming joint venture (JV), entitled the ‘Northern Colorado High Plains Producers’ (NCHPP). The JV brings a cultivation capacity of 700 acres, of which 173 acres were planted in 1H FY2018.

The vertically integrated “seed-to-sale” operation in Colorado, USA, is currently commissioning a new GMP certified production facility which will more than double the usable capacity for processing,



manufacturing and fulfilment operations, expanding the footprint of the facilities from 8,700 square foot to 20,700 square foot. Production capabilities will become 5,000 kg of alcohol-extracted hemp CBD and 3,125 kg of CO2-extracted hemp CBD. Further expansion plans are underway in the medium term for an additional 20,000 square foot facility.

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About Elixinol Global

Elixinol Global Limited (ASX: EXL) 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, which was founded in 2014, is a manufacturer and global distributor of 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, 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