

**ASX Announcement****26 May 2022*****ELIXINOL WELLNESS LIMITED'S FY2021 AGM  
CHAIR'S ADDRESS***

Good morning ladies and gentlemen and welcome to Elixinol Wellness' Annual General Meeting for the 2021 financial year.

My name is Helen Wiseman, and I am the Chair of the Board. Joining me today is our Interim Global CEO, Ron Dufficy; Non-Executive Directors, Dave Fenlon, Paul Benhaim and Oliver Horn, our Global Chief Financial Officer, Josephine Lorenz and our General Counsel and Company Secretary, Teresa Cleary.

Representing our auditors for the 2021 annual report is Leah Russell of BDO. And finally, moderating today's proceedings we have Jane Lowe and Cherie Hartley from IR Department.

Before we begin, I would like to acknowledge the traditional owners of the land from where many of our team are gathered today, and pay my respects to Elders - past, present and emerging.

Today's meeting is being held online via the Automic platform. All attendees can watch a live webcast of the meeting. In addition, shareholders and proxies have the ability to ask questions and submit votes.

We will conduct today's AGM in three main parts after this brief introduction through which I will share information on the voting procedure. Following that will be the Chair's address. I will then hand over to Ron, who will provide a business update and then we will turn to the formal business of the meeting.

Questions can be submitted at any time. We do only have an hour for the meeting today, so depending on how many questions we receive, we may not get through every question received. In relation to process for this meeting, I highlight that there is a voting guide on the "AGM" page of the EXL website that you can refer to should you encounter any issues during the meeting.

I now declare poll voting open on all items of business.

Please submit your votes at any time. I will give you a warning before I move to close voting. After Ron's presentation I will formally step through the voting resolutions.

I would like to now take a moment to comment on the year that has passed and what lies ahead for the Company.

In FY21, Elixinol Wellness continued to transform itself to being a leaner, digitally led, consumer health and wellness business. We have improved profitability across the Group and reduced our operating costs, all while building brand equity in the Australian and US markets by focusing on e-commerce growth, new product innovation and new distribution and/or licensing agreements in many parts of the world. We achieved this despite another challenging period for the CBD industry.

In saying this, there were a number of factors at the macro level that impacted growth. Of course, the COVID-19 pandemic and its impacts on the global retail environment played a role; as did a continued lack in regulatory clarity in many of the major CBD markets. The saturation of the industry from the previous years also resulted in an over-supply of product and therefore a reduction in pricing.

Given the continuation of these unstable market conditions, we relentlessly maintained our strategic focus on transforming Elixinol Wellness to a lower cost, higher margin, consumer-led wellness company. Recognising the strengths of the brand and our reputation for quality, our strategy has been to maintain that focus in the face of unprecedented headwinds, as we understand that this is what is going to drive the recovery of the business into the future.

We welcome the consolidation that is occurring across the industry and by holding onto the things that provide us with our unique competitive advantage, we are well prepared to take advantage when the market improves. The Board and management team worked tirelessly to reduce the cost of doing business and to enhance product margins.

In parallel we also ensured we were making considered and selective investment decisions to support brand building, product innovation and vital e-commerce infrastructure. As industry pioneers truly passionate about hemp, we believe it is this continued commitment to product development and innovation that differentiates Elixinol Wellness from our competitors.

### *FY21 Highlights*

Delving into the past year in a little more detail, there were some important changes made and significant milestones achieved.

Firstly, in the US we transformed our business model by fully outsourcing our supply chain and shifting our focus to being a leaner, e-commerce driven company. Outside of the US we transitioned our global strategy by closing our European operations and establishing licensing agreements with market-leading partners in the region.

At this point, it is worth touching on our decision to withdraw from the proposed acquisition of CannaCare Health in Germany last year. Suffice to say, this was a very carefully considered decision, based on a well-founded view that moving ahead with the deal was not in the best interest of our shareholders. This has proven to be a wise decision given how quickly the German market dynamics shifted in the second half of last year.

Closer to home, despite challenging conditions, Hemp Foods Australia posted successive quarters of revenue growth throughout FY21. However, Q1 FY22 saw a slowdown of its growth trajectory due to the impact of a new wave of COVID and floods. With improving market conditions, wider national distribution for Hemp Foods Australia products as a result of deals with Woolworths and Costco, an improved e-commerce strategy, and new product innovation we are seeing an upward shift again.

While we are pleased with our transformation in FY21 to become a well-funded and leaner consumer wellness products company, our primary focus is on accelerating our path to profitability and maximising shareholder value.

#### *Strategic Review*

It is with that in mind, that we decided to undertake a strategic review of the Company. Preliminary findings from the strategic review resulted in bringing forward additional cost reductions expected to reduce annualised operating costs by around \$3.2m. Additional strategic review opportunities continue to be explored, including the potential sale or merger of all, or parts, of the Elixinol Wellness Group.

#### *Board and Management Team Changes*

In line with the changes at the corporate level, the Board accepted the resignation of Oliver Horn from the role of Global CEO and Executive Director. Oliver played a major role in leading the Company through a significant transformation over the last two years and we are therefore very pleased to retain his leadership within the business as a Non-Executive Director.

We were extremely fortunate that Ron Dufficy agreed to move from his role as Global CFO into the position of Interim Global CEO. Ron has been with the Company for the past five years and has been a major asset to the organisation. With his extensive senior leadership and strategic experience, Ron was a natural appointment to lead this transition period whilst the strategic review of the Company is completed.

We were also pleased to have Josephine Lorenz, EXL's former Group Financial Controller, stepping into Ron's previous role of Global CFO.

On other changes, we secured Dave Fenlon to the EXL Board as an independent Non-Executive Director. This is a real coup for the Company as Dave has over 30 years of experience in the FMCG and consumer sectors.

#### *Looking ahead*

With these changes now in place we continue to be focused on driving our performance in the Australian and US markets, where we have a strong competitive position. We will continue to accelerate our e-commerce growth and bring innovative new products to consumers, while continuing to improve profitability and reduce our operating costs. I believe Elixinol Wellness is well positioned – with strong brand equity, in an industry where the global outlook remains positive.

#### *Closing*

In closing I would like to thank the management team for their continued commitment and dedication to the Company. Special recognition also needs to go to our employees around the globe who have shown resilience in very challenging times and who have been willing to champion change within the organisation.

And finally, I would like to take the opportunity to thank you, our shareholders for your ongoing support and belief as we continue to navigate the transformation of the business. Delivering shareholder value remains our priority and is at the forefront of the decisions we are making.

And with that I would like to hand over to Ron for the CEO update.

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Investors are invited to review the Interim Global CEO's presentation also released to the ASX today for the narrative which follows on from the Chair's address.

This document was authorised to be given to the ASX by the Board of the Company.

#### **Investor relations please contact:**

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## About Elixinol

Elixinol Wellness Limited (ASX:EXL) is a global leader in the hemp industry, innovating, marketing and selling hemp derived nutraceutical, cosmetic and food products. The Company's simplified business model is focusing on:

- In the Americas, innovating, marketing and selling high quality Elixinol branded hemp derived nutraceutical and skincare products based in Colorado, USA
- In Australia, Hemp Foods Australia is a leading hemp food wholesaler, retailer, manufacturer and exporter of bulk and branded raw materials, and finished products
- In In the United Kingdom, South Africa, Japan, Brazil, Mexico and Malaysia (pending approvals), Elixinol branded products are available to consumers via exclusive Distribution and/or Trademark and Know-How Licensing Agreements
- Across the Rest of World, expanding distribution of Elixinol branded hemp derived products through reputable distributors as key markets open.

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