



ASX Announcement

17 May 2021

ELIXINOL GLOBAL LIMITED'S FY2020 AGM CHAIR'S ADDRESS

Good morning ladies and gentlemen and welcome to Elixinol Global's Annual General Meeting for the 2020 financial year.

My name is Helen Wiseman, and I am the Chair of the Board. Joining me today is our Executive Director and Global CEO, Oliver Horn; Non-Executive Director, Paul Benhaim and our colleagues Ron Dufficy, Global CFO and Teresa Cleary, our General Counsel and Company Secretary.

Representing our auditors for the 2020 annual report is Leah Russell of BDO.

Before we begin, I would like to acknowledge the traditional owners of the land from where I speak to you today, the Gadigal people of the Eora nation and pay my respects to Elders - past, present and emerging.

Although we are not able to meet in person, I am pleased that we can come together virtually to update you on your company, conduct formal business, listen to any comments you may have and answer your questions.

Today's meeting is being held online via the zoom 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 Oliver, who will provide a business update and then we will turn to the formal business of the meeting.

Firstly, as this is my first AGM as Chair for Elixinol Global, I would like to take a moment to introduce myself and explain why I took on the role.

I have always had a strong passion for working with businesses that enhance people's wellbeing and this is evident through the Board positions I have held over the years with companies in the health, wellness and food industries.

When I first started working with Elixinol in April last year as Non-Executive Director I felt immediately aligned with the Company's mission to make a positive contribution to people's health, wellness and the planet through the power of hemp products.



I soon saw how seriously the Company takes this philosophy and how it permeates throughout the business – from the quality of Elixinol and Hemp Foods Australia products, right through to the way the company interacts with partners, suppliers, customers and staff.

As a result, when I was offered the position of Chair in September 2020 I was inspired and excited to apply my knowledge and experience to help the Company achieve its vision of building a global, hemp derived, health and wellness consumer products business.

And it is with this vision in mind that our strategy has undergone a substantial evolution over the past 12 months. We are steadfast in our pursuit of becoming a long-term sustainable business strongly positioned to grow.

Market Overview

At a macro level, the industry is in a period of correction and consolidation as many companies that jumped on board the ‘cannabis’ train have since realised they don’t have what it takes to sustain their businesses through the flux of what has been a volatile period for the industry. This of course, has been compounded by an unexpected global pandemic.

The global pandemic has constrained growth for CBD companies in an already competitive market. According to cannabis research firm Brightfield Group before the beginning of the pandemic, there were over 3,500 brands of CBD products in the US market in 2020 and expects some 2,000 brands to have exited the market throughout 2021.

But what differentiates Elixinol from many of these cannabis companies is our sound financial position and long-term commitment to the sector. We are not opportunistic new market entrants but are pioneers and have a long heritage in the hemp industry. We have a deep understanding of hemp, which began more than 25 years ago through our founder, Paul Benhaim.

We are focused on building a solid, global business that is agile enough to take advantage of the opportunities that are now presenting themselves. I believe this period of market consolidation places us in a strong position to cement our leadership position and create a long-term, sustainable business.

While the US market continues to mature and is now in a period of consolidation, the European market is one of high growth and we are actively exploring both organic growth and M&A opportunities.

Our proposed acquisition of CannaCare Health is a perfect example of a well-considered and profitable investment. As one of Germany’s leading CBD brands with number one share in the country’s drugstore channel, this acquisition will position Elixinol as a leading pan-European CBD player and accelerate our path to profitability.



FY2020 Highlights

Now I would like to spend a few minutes looking back at the past 12 months, including some of the significant changes we undertook, and milestones achieved, in order to reset the business and build sound fundamentals from which to move forward.

Firstly, the launch of the new Elixinol brand in FY2020 enabled us to leverage our CBD capabilities into the much bigger and more widely understood nutraceuticals and supplements categories.

As a direct result of our brand relaunch and product innovation, we have seen greater retail acceptance in particular in the UK with new listings in Well Pharmacy, Boots Ireland, leading TV home shopping channels and Superdrug in the UK.

On the financial front, our balance sheet was substantially strengthened through an oversubscribed capital raise completed in December 2020 and a commitment to tight financial control that yielded a much leaner rebased ongoing cost-base.

Despite all this, with COVID-19, 2020 brought unforeseen challenges and an adverse impact on consumer foot traffic to physical venues. This in turn impacted our revenue growth, particularly with our plans in traditional bricks and mortar retail markets.

What I will say as we start to enter a post-COVID environment and more markets open up, is that we are in a very strong position to capitalise on opportunities thanks to the tough decisions and hard work we undertook as a business over the past year.

There were silver linings from COVID, including our shift to becoming a 'digital first' organisation. Our focus on building our e-commerce capabilities in order to have a direct consumer relationship has been rewarded. Throughout FY2020, e-commerce accounted for 33% of total group revenues, up from 26% in FY2019. This trend has continued into Q1 FY2021 whereby e-commerce accounted for 40% of total group revenues.

Another big positive over the past financial year was the improving performance of Hemp Foods Australia. HFA achieved strong growth in FY2020 and now, with leaner operations and improved margins, accounts for one third of group revenue. It is the largest and one of the most recognisable hemp food brands in Australia and we look forward to seeing the business continue to improve into FY2021.

Looking Ahead

Looking ahead to the next 12 months we are firmly focused on revenue growth and improving profitability. We envisage we will need to make some strategic investments in order to get the scale and reach we need to achieve this.

Our key markets for FY2021 will continue to be the US and Europe for Elixinol, and Australia for HFA.



In the US we have adjusted the business and now have a strong team that is well positioned to drive growth, while being ready to take advantage of any opportunities presented as a result of the market consolidation. We are aiming to appoint an independent Board Director in the US in the coming months in order to strengthen our in-market presence and network.

In Europe we will be looking to capitalise on the intense industry interest and market growth. With rising consumer demand and an increase in competitors coming into the market, we need to be more aggressive to continue to build brand dominance and market leadership.

In Australia, growing Hemp Food Australia's number one position will remain the focus through increased product innovation and dedicated marketing strategies. In parallel we are working on strategies to secure Australian distribution of Elixinol CBD products via the Special Access Scheme.

Closing

In closing I would like to thank the management team, who have been exceptional in their drive and approach to transition Elixinol towards becoming a world-leading hemp derived, health and wellness consumer products business. The management team's strengthened strategic, commercial and governance capabilities position the Company perfectly for the next phase in our development.

I would also like to thank our employees across the globe and here in Australia. A sustainable business is built on engaged and high performing teams. However, cost reduction measures coupled with severe impacts and limitations due to COVID-19 restrictions led to a challenging working environment for our people. I would like to reiterate how thankful we are and how proud we are of our teams who worked tirelessly throughout the year, bringing their commitment and dedication in spite of this very challenging environment.

And lastly, I would like to take the opportunity to thank you, our shareholders for your ongoing support and shared belief in the Company as we have undergone a significant business transformation. I would like to reaffirm to you all that delivering long-term shareholder value remains at the core of our business and our decision-making process.

With that, I would now like to hand over to our Global CEO, Oliver Horn.

Thank you, Oliver.

Investors are invited to review the 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.

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About Elixinol

Elixinol Global Limited (ASX:EXL; OTCQB:ELLXF) 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 Europe and the UK, educating and selling high quality Elixinol branded and co-branded hemp derived nutraceutical and skincare products based in Utrecht, The Netherlands and London, UK
- In Australia, providing stronger unified planning and support across the group to enable the various regional offices to focus on operational strategy
- Hemp Foods Australia, a leading hemp food wholesaler, retailer, manufacturer and exporter of bulk and branded raw materials, and finished products
- Across the Rest of World, expanding distribution of Elixinol branded hemp derived products through reputable distributors as key markets open.

See more at www.elixinolglobal.com