

1. Company details

Name of entity:	Elixinol Global Limited
ABN:	34 621 479 794
Reporting period:	For the year ended 31 December 2019
Previous period:	For the year ended 31 December 2018

2. Results for announcement to the market

The directors present this Appendix 4E on the consolidated entity (referred to as the 'Group') consisting of Elixinol Global Limited (referred to as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2019.

The Group has adopted Accounting Standard AASB 16 'Leases' for the year ended 31 December 2019 using the modified retrospective approach and as such the comparatives have not been restated.

			\$'000
Revenues from ordinary activities	down	13.0% to	32,299
Revenue from continuing operations	down	16.2% to	27,183
Loss from ordinary activities after tax attributable to the owners of Elixinol Global Limited	up	9591.0% to	(83,343)
Loss for the year attributable to the owners of Elixinol Global Limited	up	9591.0% to	(83,343)
			2019 Cents
			2018 Cents
Basic loss per share			(63.02)
Diluted loss per share			(63.02)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the Group after providing for income tax and non-controlling interest amounted to \$83,343,000 (31 December 2018: \$860,000).

Revenue from continuing operations decreased 16% to \$27.2m in FY2019 compared to \$32.5m in FY2018, driven by:

- 35% growth in high margin Elixinol branded and co-branded products sales;
- Elixinol branded product sales represent 59% of FY2019 revenue (37% in FY2018); and
- 34% decline in bulk sales due to influx of cheap, poor quality product and 56% decline in private label sales due to termination of low margin private label contracts.

Key highlights for the year are as follows:

- Actions taken to significantly reduce future cash burn;
- Simplified business model to focus on the hemp derived CBD market;
- EBITDA from continuing operations (-\$22.9m) in FY2019 compared to +\$1.0m in FY2018;
- NPAT of (-\$83.5m) in FY2019 compared to +\$0.9m in FY2018;
- Results include non-cash asset impairment charges of \$48.8m due to a reset of expectations including \$39.4m goodwill and \$8.4m for excess inventory provisions;
- Growth in the human and pet hemp derived CBD market has underperformed expectations;
- Unclear regulatory environment allowing inferior and potentially unsafe hemp derived CBD products creating a crowded and confusing market;
- Elixinol brand and product refresh on track to launch in March 2020, expected to drive growth in e-Commerce and Retail sales of high margin Elixinol branded products;
- Continued development of global distribution strategy;
- Completed investment in infrastructure to drive operating efficiencies and margin improvement; and
- Bipartisan support in US Congress to resolve hemp derived CBD classification.

Refer to ASX market announcement accompanying this Appendix 4E for further commentary.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	52.99	46.15

4. Control gained over entities

Name of entities (or group of entities)	Elixinol Co. Ltd * and Infusion Strategies LLC
Date control gained	29 May 2019 and 11 June 2019

* Control was gained from the previous associate Elixinol Co. Ltd on 29 May 2019.

5. Loss of control over entities

Name of entities (or group of entities)	Elixinol Co. Ltd
Date control lost	2 December 2019

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's Contribution to (loss)/profit percentage holding		Contribution to (loss)/profit (where material)	
	Reporting period %	Previous period %	Reporting period \$'000	Previous period \$'000
Associates:				
- Elixinol Co. Ltd*	-	50.50%	(9)	(47)
- H&W Holdings LLC	19.88%	19.88%	93	-
- Hemp Foods Japan*	-	50.50%	-	-
- Altmed Pets LLC	25.43%	-	(3)	-
Joint venture:				
- Northern Colorado High Plains Producers	50.00%	50.00%	(1,705)	(651)
<i>Group's aggregate share of associates and joint venture entities' (loss)/profit (where material)</i>				
(Loss)/profit from ordinary activities before income tax			(1,624)	(698)

* Control gained on 29 May 2019 and incorporated from 29 May 2019. Subsequently sold on 2 December 2019 and deconsolidated from subsidiaries from that date.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The Annual Report is currently in the process of being audited and an unqualified opinion is expected to be issued.

11. Attachments

Details of attachments (if any):

The Preliminary Financial Report of Elixinol Global Limited for the year ended 31 December 2019 is attached.

12. Signed



Signed _____

Date: 27 February 2020

Ron Dufficy
Chief Financial Officer
Sydney



Elixinol Global Limited

ABN 34 621 479 794

Preliminary Financial Report - 31 December 2019



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Elixinol Global Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2019



	Note	2019 \$'000	Group 2018 \$'000
Revenue from continuing operations	2	27,183	32,454
Share of profits/(losses) of associates and joint ventures accounted for using the equity method	5	(1,624)	(698)
Other income		88	621
Interest revenue calculated using the effective interest method		559	441
Expenses			
Raw materials and consumables used and processing expenses		(11,564)	(14,054)
Employee benefits expenses and Directors' fees		(13,076)	(5,724)
Depreciation and amortisation expense		(2,451)	(612)
Impairment of goodwill		(39,360)	-
Impairment of assets		(9,393)	(20)
Professional services expenses		(4,952)	(1,483)
Sales and marketing expenses		(10,944)	(5,962)
Administrative expenses		(6,654)	(3,224)
Distribution costs		(1,307)	(903)
Finance costs		(121)	-
(Loss)/profit before income tax benefit/(expense) from continuing operations		(73,616)	836
Income tax benefit/(expense)		7,204	(492)
(Loss)/profit after income tax benefit/(expense) from continuing operations		(66,412)	344
Loss after income tax benefit/(expense) from discontinued operations	3	(17,074)	(1,204)
Loss after income tax benefit/(expense) for the year		(83,486)	(860)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		2,244	6,323
Share of associate other comprehensive income		(137)	137
Other comprehensive income for the year, net of tax		2,107	6,460
Total comprehensive (loss)/income for the year		<u>(81,379)</u>	<u>5,600</u>
Loss for the year is attributable to:			
Non-controlling interest		(143)	-
Owners of Elixinol Global Limited		(83,343)	(860)
		<u>(83,486)</u>	<u>(860)</u>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Elixinol Global Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2019



	Note	2019 \$'000	Group 2018 \$'000
Total comprehensive (loss)/income for the year is attributable to:			
Continuing operations		(31)	-
Discontinued operations		156	-
Non-controlling interest		<u>125</u>	<u>-</u>
Continuing operations		(64,430)	6,804
Discontinued operations		<u>(17,074)</u>	<u>(1,204)</u>
Owners of Elixinol Global Limited		<u>(81,504)</u>	<u>5,600</u>
		<u>(81,379)</u>	<u>5,600</u>
		Cents	Cents
Earnings per share for profit/(loss) from continuing operations attributable to the owners of Elixinol Global Limited			
Basic earnings/(loss) per share	10	(50.22)	0.32
Diluted earnings/(loss) per share	10	(50.22)	0.32
Earnings per share for loss from discontinued operations attributable to the owners of Elixinol Global Limited			
Basic loss per share	10	(12.91)	(1.11)
Diluted loss per share	10	(12.91)	(1.11)
Earnings per share for loss attributable to the owners of Elixinol Global Limited			
Basic loss per share	10	(63.02)	(0.79)
Diluted loss per share	10	(63.02)	(0.79)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	2019 \$'000	Group 2018 \$'000
Assets			
Current assets			
Cash and cash equivalents	4	20,244	42,922
Trade and other receivables		1,536	3,366
Contract assets		-	77
Inventories		22,404	6,976
Income tax refund due		88	-
Prepayments and deposits		6,731	3,614
		<u>51,003</u>	<u>56,955</u>
Assets of disposal groups classified as held for sale		1,444	-
Total current assets		<u>52,447</u>	<u>56,955</u>
Non-current assets			
Investments accounted for using the equity method	5	8,403	4,524
Property, plant and equipment	6	12,685	5,966
Right-of-use assets	7	4,323	-
Intangibles	8	38,904	86,249
Deferred tax		4,228	724
Total non-current assets		<u>68,543</u>	<u>97,463</u>
Total assets		<u>120,990</u>	<u>154,418</u>
Liabilities			
Current liabilities			
Trade and other payables		2,992	5,865
Contract liabilities		157	720
Lease liabilities		989	-
Income tax		-	98
Employee benefits		86	147
Accrued expenses		843	368
		<u>5,067</u>	<u>7,198</u>
Liabilities directly associated with assets classified as held for sale		944	-
Total current liabilities		<u>6,011</u>	<u>7,198</u>
Non-current liabilities			
Borrowings		-	250
Lease liabilities		3,641	-
Deferred tax		-	3,145
Lease make good provision		35	90
Total non-current liabilities		<u>3,676</u>	<u>3,485</u>
Total liabilities		<u>9,687</u>	<u>10,683</u>
Net assets		<u>111,303</u>	<u>143,735</u>
Equity			
Issued capital	9	188,771	139,612
Reserves		9,522	7,694
Accumulated losses		(86,959)	(3,571)
Equity attributable to the owners of Elixinol Global Limited		<u>111,334</u>	<u>143,735</u>
Non-controlling interest		(31)	-
Total equity		<u>111,303</u>	<u>143,735</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Elixinol Global Limited
 Consolidated statement of changes in equity
 For the year ended 31 December 2019



Group	Issued capital \$'000	Foreign currency translation reserve \$'000	Share-based payments reserve \$'000	Other reserve \$'000	Accumulated losses \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 January 2018	101,800	-	-	-	(2,711)	-	99,089
Loss after income tax expense for the year	-	-	-	-	(860)	-	(860)
Other comprehensive income for the year, net of tax	-	6,323	-	137	-	-	6,460
Total comprehensive (loss)/income for the year	-	6,323	-	137	(860)	-	5,600
<i>Transactions with owners in their capacity as owners:</i>							
Contributions of equity, net of transaction costs (note 9)	37,812	-	-	-	-	-	37,812
Share-based payments	-	-	1,234	-	-	-	1,234
Balance at 31 December 2018	139,612	6,323	1,234	137	(3,571)	-	143,735

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Elixinol Global Limited
Consolidated statement of changes in equity
For the year ended 31 December 2019



Group	Issued capital \$'000	Foreign currency translation reserve \$'000	Share-based payments reserve \$'000	Other reserve \$'000	Accumulated losses \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 January 2019	139,612	6,323	1,234	137	(3,571)	-	143,735
Adjustment for change in accounting policy	-	-	-	-	(45)	-	(45)
Balance at 1 January 2019 - restated	139,612	6,323	1,234	137	(3,616)	-	143,690
Loss after income tax benefit for the year	-	-	-	-	(83,343)	(143)	(83,486)
Other comprehensive (loss)/income for the year, net of tax	-	2,244	-	(137)	-	-	2,107
Total comprehensive (loss)/income for the year	-	2,244	-	(137)	(83,343)	(143)	(81,379)
Acquisition of non-controlling interest	-	-	-	-	-	2,149	2,149
Elimination of Treasury shares	(678)	-	-	-	-	-	(678)
Disposal of non-controlling interest	-	-	-	-	-	(2,037)	(2,037)
<i>Transactions with owners in their capacity as owners:</i>							
Contributions of equity, net of transaction costs (note 9)	49,837	-	-	-	-	-	49,837
Share-based payments	-	-	(279)	-	-	-	(279)
Balance at 31 December 2019	<u>188,771</u>	<u>8,567</u>	<u>955</u>	<u>-</u>	<u>(86,959)</u>	<u>(31)</u>	<u>111,303</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Elixinol Global Limited
Consolidated statement of cash flows
For the year ended 31 December 2019



	Note	2019 \$'000	Group 2018 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		33,179	36,147
Payments to suppliers and employees (inclusive of GST)		(84,579)	(40,964)
Interest received		679	326
Interest and other finance costs paid		(138)	-
Income taxes paid		(207)	(761)
		<u> </u>	<u> </u>
Net cash used in operating activities		(51,066)	(5,252)
Cash flows from investing activities			
Net cash acquired on purchase of subsidiaries		209	-
Payments for equity accounted investments		(7,157)	(3,593)
Payments for property, plant and equipment		(9,943)	(4,733)
Payments for intangibles		(1,203)	(174)
Payments for security deposits		-	(13)
Proceeds from disposal of business		13	-
Proceeds from disposal of property, plant and equipment		149	4
		<u> </u>	<u> </u>
Net cash used in investing activities		(17,932)	(8,509)
Cash flows from financing activities			
Proceeds from issue of shares	9	50,000	40,000
Share issue transaction costs	9	(2,827)	(2,188)
Repayment of lease liabilities		(729)	(38)
		<u> </u>	<u> </u>
Net cash from financing activities		46,444	37,774
Net increase/(decrease) in cash and cash equivalents		(22,554)	24,013
Cash and cash equivalents at the beginning of the financial year		42,922	18,834
Effects of exchange rate changes on cash and cash equivalents		5	75
		<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial year	4	<u><u>20,373</u></u>	<u><u>42,922</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

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Note 1. Operating segments

Identification of reportable operating segments

The Group is organised into three operating segments: Americas, Europe & UK and Australia. There is one single business segment, being the sale of nutraceutical and related hemp products. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews Adjusted EBITDA (earnings before interest, tax, depreciation and amortisation), adjusted for impairment. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Types of products and services

The principal products and services of each of these operating segments are as follows:

Americas	This includes the trading results of Elixinol LLC ('Elixinol') and its investments and joint ventures in the US through the manufacture and distribution of hemp-derived Cannabidiol ('CBD') products.
Europe and UK	This includes the results from trading operations of Elixinol BV and Elixinol Ltd (together 'Elixinol Europe') and through the manufacture and distribution of hemp-derived Cannabidiol ('CBD') products.
Australia	This includes the results from the trading operations of Nunyara Pharma Pty Ltd ('Nunyara'). This relates to the planning and application for licences in respect of the importation and cultivation of medicinal cannabis in Australia.

'Unallocated' represents corporate, being Elixinol Global Limited (head office).

Two operations were discontinued in the current year. 'Discontinued operations' represents the results from the trading operations of Hemp Foods Australia Pty Ltd ('Hemp Foods Australia') through the manufacture and distribution of hemp-based products shown as an Asset Held for Sale and Elixinol Co Ltd ('Elixinol Japan') through the manufacture and distribution of hemp-derived Cannabidiol ('CBD') products and hemp-based products from 28 May 2019 until 2 December 2019 when the business was disposed. The segment information reported on the next pages does not include any amounts for these discontinued operations, which are described in more detail in note 3.

Intersegment transactions

Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers

During the year ended 31 December 2019, 27% of sales were derived from three major customers (2018: 33% of sales were derived from three major customers).

Note 1. Operating segments (continued)

Operating segment information - Continuing operations

	Americas \$'000	Europe & UK \$'000	Australia \$'000	Unallocated \$'000	Total \$'000
Group - 2019					
Revenue					
Sales to external customers	24,915	2,268	-	-	27,183
Total revenue	24,915	2,268	-	-	27,183
EBITDA					
Depreciation and amortisation	(13,593)	(3,551)	(404)	(5,302)	(22,850)
Impairment of assets					(2,451)
Interest revenue					(48,753)
Finance costs					559
Loss before income tax benefit					(73,616)
Income tax benefit					7,204
Loss after income tax benefit					(66,412)
Assets					
Segment assets	92,772	3,657	2,639	20,478	119,546
<i>Unallocated assets:</i>					
Held-for-sale					1,444
Total assets					120,990
Liabilities					
Segment liabilities	6,072	777	33	1,861	8,743
<i>Unallocated liabilities:</i>					
Held-for-sale					944
Total liabilities					9,687

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. Therefore, the current and comparative EBITDA are not directly comparable.

	Americas \$'000	Europe & UK \$'000	Australia \$'000	Unallocated \$'000	Total \$'000
Group - 2018					
Revenue					
Sales to external customers	32,400	54	-	-	32,454
Total revenue	32,400	54	-	-	32,454
EBITDA					
Depreciation and amortisation	4,494	(487)	(397)	(2,603)	1,007
Interest revenue					(612)
Profit before income tax expense					441
Income tax expense					836
Profit after income tax expense					(492)
Profit after income tax expense					344
Assets					
Segment assets	91,541	1,014	4,555	57,308	154,418
Total assets					154,418
Liabilities					
Segment liabilities	8,572	203	11	1,897	10,683
Total liabilities					10,683

Note 1. Operating segments (continued)

Geographical information

	Sales to external customers		Geographical non-current assets*	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Americas	24,915	32,400	64,864	78,733
Europe & UK	2,268	54	712	35
Australia	-	-	2,618	4,178
Unallocated	-	-	1,161	2,663
	<u>27,183</u>	<u>32,454</u>	<u>69,355</u>	<u>85,609</u>

* Geographical non-current assets exclude those relating to discontinued operations and non-current assets held-for-sale.

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Note 2. Revenue

	2019 \$'000	Group 2018 \$'000
From continuing operations		
Sale of goods	<u>27,183</u>	<u>32,454</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	eCommerce \$'000	Retail \$'000	Bulk \$'000	Private label \$'000	Total \$'000
Group - 2019					
<i>Geographical regions</i>					
Americas	7,537	6,474	5,446	5,458	24,915
Europe & UK	79	1,977	212	-	2,268
Australia	-	-	-	-	-
	<u>7,616</u>	<u>8,451</u>	<u>5,658</u>	<u>5,458</u>	<u>27,183</u>
Group - 2018					
<i>Geographical regions</i>					
Americas	7,140	4,710	8,162	12,388	32,400
Europe & UK	54	-	-	-	54
Australia	-	-	-	-	-
	<u>7,194</u>	<u>4,710</u>	<u>8,162</u>	<u>12,388</u>	<u>32,454</u>

Timing of revenue recognition

All revenue is recognised as goods transferred at a point in time.

Note 3. Discontinued operations

There are two discontinued operations in the period.

Elixinol Japan was incorporated into the Group from 29 May 2019. On 2 December 2019, the Company sold its 50.50% interest in Elixinol Japan to one of Elixinol Japan's other shareholders, Mr Takeshi Sakurada for \$13,500 (¥1,000,000) with a deferred cash payment of \$362,715 multiplied by the ratio of the closing price of Elixinol shares on 8 January 2020 divided by \$1.09 (less Japanese taxes), which is payable by no later than 31 March 2020.

Hemp Foods Australia is disclosed as held-for-sale and presented separately in the statement of financial position. In December 2019 the board resolved to dispose of the Group's investment in Hemp Foods Australia Pty Ltd and negotiations with several interested parties have taken place. The disposal is consistent with the Group's long-term policy to focus its activities on the Group's other businesses. Subsequently, post balance sheet date on 31 January 2020, the Group entered into a sale agreement to dispose of Hemp Foods Australia Pty Ltd, subject to regulatory conditions and entering into a distribution agreement with Elixinol LLC. All of these conditions are expected to be settled within 12 months and therefore the subsidiary has been classified as a disposal group held for sale and presented separately in the statement of financial position. The proceeds of disposal are expected to be below the carrying amount of the related net assets and accordingly an impairment loss has been recognised on the classification of these operations as held for sale.

Financial performance information

	2019 \$'000	Group 2018 \$'000
Sale of goods	5,116	4,676
Total revenue	<u>5,116</u>	<u>4,676</u>
Other income	46	93
Interest revenue	8	-
Total other income	<u>54</u>	<u>93</u>
Raw materials and consumables used and processing expenses	(3,568)	(3,121)
Employee benefits expenses and Directors' fees	(1,615)	(1,396)
Depreciation and amortisation expense	(393)	(212)
Impairment of goodwill	(9,209)	-
Impairment of assets	(3,094)	41
Professional services expenses	(406)	(448)
Sales and marketing expenses	(790)	(426)
Administrative expenses	(659)	(418)
Distribution costs	-	(122)
Other expenses	(98)	-
Finance costs	(17)	-
Total expenses	<u>(19,849)</u>	<u>(6,102)</u>
Loss before income tax benefit/(expense)	(14,679)	(1,333)
Income tax benefit/(expense)	<u>(91)</u>	<u>129</u>
Loss after income tax benefit/(expense)	<u>(14,770)</u>	<u>(1,204)</u>
Loss on disposal	(2,304)	-
Income tax expense	<u>-</u>	<u>-</u>
Loss on disposal after income tax expense	<u>(2,304)</u>	<u>-</u>
Loss after income tax benefit/(expense) from discontinued operations	<u><u>(17,074)</u></u>	<u><u>(1,204)</u></u>

Note 3. Discontinued operations (continued)

Elixinol Japan

Carrying amounts of assets and liabilities disposed

	Group 2019 \$'000
Cash and cash equivalents	1,005
Trade and other receivables	318
Inventories	730
Other current assets	44
Investments	698
Intangibles	447
Total assets	<u>3,242</u>
Trade and other payables	173
Borrowings	22
Deferred tax	100
Other liabilities	46
Total liabilities	<u>341</u>
Net assets	<u><u>2,901</u></u>

Details of the disposal

	Group 2019 \$'000
Total sale consideration	220
Carrying amount of net assets disposed	(2,901)
Derecognition of foreign currency reserve	-
Derecognition of non-controlling interest	1,215
Disposal costs	<u>-</u>
Loss on disposal before income tax	(1,466)
Share of loss on Treasury shares	<u>(838)</u>
Loss on disposal after income tax	<u><u>(2,304)</u></u>

Note 3. Discontinued operations (continued)

Hemp Foods Australia

Held for sale assets and liabilities

	Group 2019 \$'000
Assets of disposal groups classified as held for sale	
Cash and cash equivalents	129
Trade and other receivables	364
Inventories	427
Other current assets	210
Property, plant and equipment	127
Right-of-use asset	187
	1,444
	1,444
Liabilities directly associated with assets classified as held for sale	
Trade payables	270
Other payables	62
Accrued expenses	150
Lease liability	296
Provisions	166
	944
	944

Reconciliations

Reconciliation of assets transferred to held-for-sale against year end values are as follows:

	Transferred to held-for- sale \$'000	Impairment charge \$'000	Group 2019 \$'000
Reconciliation of assets of disposal groups classified as held for sale			
Cash and cash equivalents	129	-	129
Trade and other receivables	364	-	364
Inventories	1,538	(1,111)	427
Other current assets	210	-	210
Property, plant and equipment	456	(329)	127
Right-of-use asset	308	(121)	187
Intangibles	18	(18)	-
Deferred tax asset	83	(83)	-
	3,106	(1,662)	1,444
	3,106	(1,662)	1,444

Note 4. Current assets - cash and cash equivalents

	2019 \$'000	Group 2018 \$'000
Cash on hand	19	30
Cash at bank	8,225	12,892
Cash on deposit	12,000	30,000
	<u>20,244</u>	<u>42,922</u>

Reconciliation to cash and cash equivalents at the end of the financial year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	20,244	42,922
Cash and cash equivalents - classified as held for sale	129	-
Balance as per statement of cash flows	<u>20,373</u>	<u>42,922</u>

Note 5. Non-current assets - investments accounted for using the equity method

	2019 \$'000	Group 2018 \$'000
Investment in associate - Elixinol Co. Ltd*	-	2,650
Investment in associate - H&W Holdings LLC	95	-
Investment in associate - Altmed Pets LLC	8,096	-
Investment in joint venture - Northern Colorado High Plains Producers LLC	212	1,874
	<u>8,403</u>	<u>4,524</u>

* Disposed during the year (refer note 3)

Interests in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates of the Group are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2019 %	2018 %
Elixinol Co. Ltd*	Japan	-	50.50%
H&W Holdings LLC**	United States of America	19.88%	19.88%
Altmed Pets LLC**	United States of America	25.43%	-

* Disposed during the year (refer note 3)

** Holding through Elixinol LLC

Note 5. Non-current assets - investments accounted for using the equity method (continued)

Interests in joint ventures

Interests in joint ventures are accounted for using the equity method of accounting. Information relating to joint ventures that are material to the Group are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2019 %	2018 %
Northern Colorado High Plains Producers LLC	United States of America	50.00%	50.00%

Note 6. Non-current assets - property, plant and equipment

	2019 \$'000	Group 2018 \$'000
Land - at cost	3,025	411
Leasehold improvements - at cost	3,524	253
Less: Accumulated depreciation	(262)	(72)
	3,262	181
Furniture, fittings and equipment - at cost	136	72
Less: Accumulated depreciation	(26)	(16)
	110	56
Motor vehicles - at cost	69	61
Less: Accumulated depreciation	(23)	(9)
	46	52
Computer equipment - at cost	741	249
Less: Accumulated depreciation	(257)	(36)
	484	213
Machinery - at cost	6,690	5,346
Less: Accumulated depreciation	(566)	(293)
Less: Impairment	(366)	-
	5,758	5,053
	12,685	5,966

Note 7. Non-current assets - right-of-use assets

	2019 \$'000	Group 2018 \$'000
Land and buildings - right-of-use	5,069	-
Less: Accumulated depreciation	(746)	-
	4,323	-

The Group leases land and buildings for its offices, warehouses and retail outlets under agreements of between 2 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 8. Non-current assets - intangibles

	2019 \$'000	Group 2018 \$'000
Goodwill - at cost	75,705	74,623
Less: Impairment	(48,569)	-
	<u>27,136</u>	<u>74,623</u>
Website - at cost	184	174
Less: Accumulated amortisation	(28)	-
Less: Impairment	(41)	-
	<u>115</u>	<u>174</u>
Patents and trademarks - at cost	92	21
Less: Impairment	(2)	-
	<u>90</u>	<u>21</u>
Customer relationships - at cost	2,448	2,138
Less: Accumulated amortisation	(853)	(440)
Less: Impairment	(32)	-
	<u>1,563</u>	<u>1,698</u>
Software - at cost	932	-
Less: Accumulated amortisation	(54)	-
	<u>878</u>	<u>-</u>
Brand names - at cost	10,668	9,733
Less: Impairment	(1,546)	-
	<u>9,122</u>	<u>9,733</u>
	<u><u>38,904</u></u>	<u><u>86,249</u></u>

Note 9. Equity - issued capital

	2019 Shares	2018 Shares	2019 \$'000	Group 2018 \$'000
Ordinary shares - fully paid	<u>137,761,002</u>	<u>124,550,162</u>	<u>188,771</u>	<u>139,612</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 January 2018	102,928,540		101,800
Issue of shares	4 October 2018	21,621,622	\$1.85	40,000
Share issue transaction costs		-	\$0.00	(2,188)
Balance	31 December 2018	124,550,162		139,612
Issue of shares as part consideration for acquisition of Altmed Pets LLC	24 April 2019	523,437	\$5.09	2,666
Treasury shares on acquisition of Altmed Pets LLC	24 April 2019	(133,110)	\$5.09	(678)
Issue of shares	23 May 2019	12,820,513	\$3.90	50,000
Share issue transaction costs		-	\$0.00	(2,829)
Balance	31 December 2019	<u>137,761,002</u>		<u>188,771</u>

Note 9. Equity - issued capital (continued)

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Treasury shares

Treasury shares are ordinary shares of the parent entity held by subsidiaries and/or associates.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the 31 December 2018 Annual Report.

Note 10. Earnings per share

	2019 \$'000	Group 2018 \$'000
<i>Earnings per share for profit/(loss) from continuing operations</i>		
(Loss)/profit after income tax attributable to the owners of Elixinol Global Limited	(66,412)	344
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	132,239,632	108,200,662
Weighted average number of ordinary shares used in calculating diluted earnings per share	132,239,632	108,200,662
	Cents	Cents
Basic earnings/(loss) per share	(50.22)	0.32
Diluted earnings/(loss) per share	(50.22)	0.32

Note 10. Earnings per share (continued)

	2019 \$'000	Group 2018 \$'000
<i>Earnings per share for loss from discontinued operations</i>		
Loss after income tax attributable to the owners of Elixinol Global Limited	(17,074)	(1,204)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	132,239,632	108,200,662
Weighted average number of ordinary shares used in calculating diluted earnings per share	132,239,632	108,200,662
	Cents	Cents
Basic loss per share	(12.91)	(1.11)
Diluted loss per share	(12.91)	(1.11)
	2019 \$'000	Group 2018 \$'000
<i>Earnings per share for loss</i>		
Loss after income tax	(83,486)	(860)
Non-controlling interest	143	-
Loss after income tax attributable to the owners of Elixinol Global Limited	(83,343)	(860)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	132,239,632	108,200,662
Weighted average number of ordinary shares used in calculating diluted earnings per share	132,239,632	108,200,662
	Cents	Cents
Basic loss per share	(63.02)	(0.79)
Diluted loss per share	(63.02)	(0.79)

The outstanding performance rights held by directors and employees have not been included to calculate diluted earnings per share as their inclusion would be anti-dilutive. In addition the hurdles have not been met as at the reporting date.

Note 11. Events after the reporting period

On 31 January 2020, the Group entered into a sale agreement to dispose of Hemp Foods Australia Pty Ltd, subject to, amongst other standard conditions, obtaining third party consents and entry into a licence agreement between the Group and the acquirer. All of these conditions are expected to be settled by 31 March 2020 and therefore the subsidiary has been classified as a disposal group held for sale and presented separately in the statement of financial position.

On 3 February 2020, the Group announced its intention not to pursue its application for a medical cannabis cultivation licence in Australia and dispose of the land held by Nunyara Pharma Pty Ltd.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.