

**ASX Announcement**  
**31 January 2024**

**QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C**  
**Q4 FY23 Australian revenue up 101% on PCP,**  
**supported by TSN acquisition**

**Key Highlights**

- Elixinol Wellness Group reports Q4 FY23 revenue of \$2.6m<sup>1</sup>, 18% ahead of Q3 FY23, and a 29% improvement on PCP.
- Australian based revenue for Q4 FY23 was \$1.9m, 27% ahead of Q3 FY23 and up 101% compared with PCP, supported by the inclusion of revenue from the TSN acquisition.
- Mt Elephant products to be ranged nationally with Coles, commencing April 2024; Hemp Foods Australia products to be available on Chemist Warehouse online marketplace commencing February 2024.
- 53% decline in net cash used in operations compared with Q4 FY22. The \$0.7m used for Q4 operations represents a 22% decline from Q3 FY23 (\$0.9m). Further declines are anticipated in FY24 as the Company approaches break-even EBITDA.
- Available funding of \$1.2m at 31 December 2023, including \$0.7m cash on hand and \$0.5m of undrawn finance.
- Non-core assets have been earmarked for potential sale, including divestment of the Group's minority interest in Altmed Pet LLC (Pet Releaf). The expected realisable value of EXL's stake is around US\$1.5m.

Elixinol Wellness Limited (**Elixinol Wellness, EXL, the Company, or the Group**) (**ASX: EXL**), is pleased to release its Quarterly Activities Report and Appendix 4C cash flow report for the quarter ended 31 December 2023 (**Q4 FY23**).

Group Chief Executive Officer and Managing Director (**Group CEO**), Ron Dufficy, commented: *“Following completion of the TSN (The Sustainable Nutrition Group Ltd) acquisition, it is pleasing that our first quarter as a combined business, is already making headway towards our goal of doubling Australian based revenue.*

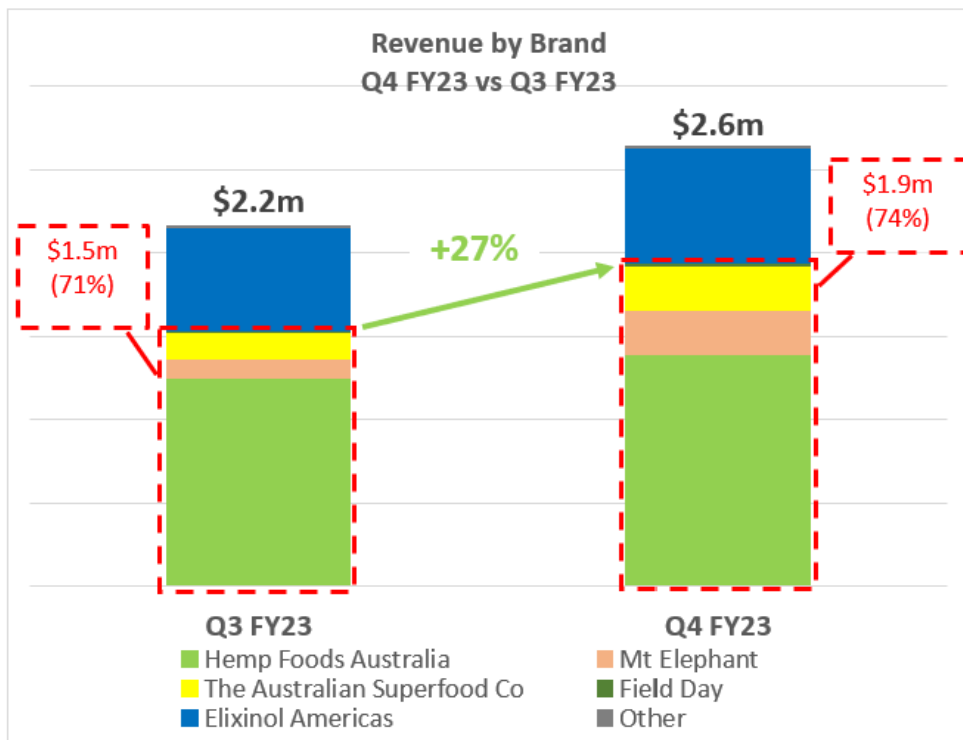
*With Q4's much improved EBITDA, the Company also remains on track to achieve breakeven by mid-FY24 thanks to ongoing cost containment and strong revenue growth. We are excited about Elixinol Wellness' prospects for 2024.”*

**Financial Summary**

Elixinol Wellness reports Q4 FY23 Group revenue of \$2.6m, 18% ahead of the previous quarter (Q3 FY23: \$2.2m), and 29% higher than Q4 FY22 of \$1.9m.

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<sup>1</sup> All dollar amounts are in AUD unless otherwise stated; Average AUD/USD for Q4 FY23 = 0.6515; FY23 financials are unaudited.



With an expanded brand portfolio following the acquisition of TSN (effective 17 August 2023), Australian-based revenue increased by 27% compared with the prior quarter and 101% compared with prior year comparable (Q4 FY23: \$1,943,000, Q3 FY23: \$1,535,000 and Q4 FY22: \$968,000). On a full year basis, Hemp Foods Australia revenue is up 16% compared with FY22, driven by continued success of the functional seed mix range through Coles and Hemp Seed Oil across Woolworths stores nationally.

During the quarter, EXL was notified of successful national ranging of its Mt Elephant products with Coles. Building on the 10 SKUs already ranged nationally with Woolworths, Coles will range 4 SKUs from April 2024.



During Q4 the company also confirmed online distribution with Chemist Warehouse. From February 2024, HFA's Plant-Based Omega and its Pain Relief capsules will be available via:

[www.chemistwarehouse.com.au](http://www.chemistwarehouse.com.au).

Additionally, from April 2024, a unique 1kg pack of HFA's flavoured proteins and a new Plant-Based Collagen product will also be available online.



American based revenue increased by 12% compared with the prior quarter but fell 24% compared with Q4 FY22 (Q4 FY23: \$690,000, Q3 FY23: \$615,000 and Q4 FY22: \$906,000), as a result of reduced seasonal promotional activity. The Americas business has transitioned to a lean eCommerce business which moves into FY2024 contributing positively to Group EBITDA.

During the quarter, a research publication on the safety of Elixinol Hemp Extract was released in the well well-respected scientific journal, *Journal of Toxicology*. The paper suggests that the extract may have some benefits for human health, although more studies are needed to confirm this.

The full paper can be accessed here: <https://www.hindawi.com/journals/jt/2023/5982883/>

While there is no immediate direct commercial benefit for the Company, this research contributes to the library of knowledge the US FDA and other regulatory bodies can use in the development of regulatory frameworks.

Operating cash used, excluding non-recurring items, during Q4 FY23 was \$0.7m, a 22% improvement on the prior quarter (Q3 FY23: \$0.9m), and a 53% improvement compared with PCP (Q4 FY22: \$1.5m). Further declines are anticipated in FY24 as the Company approaches break-even EBITDA.

Available funding at 31 December 2023 was \$1.2m, including \$0.7m cash on hand and \$0.5m of undrawn available finance. During the quarter, finance facilities of up to \$1.8m were established to support the company's future growth. The facilities, provide early access to trade debtors and extend payment terms for inventory purchases.

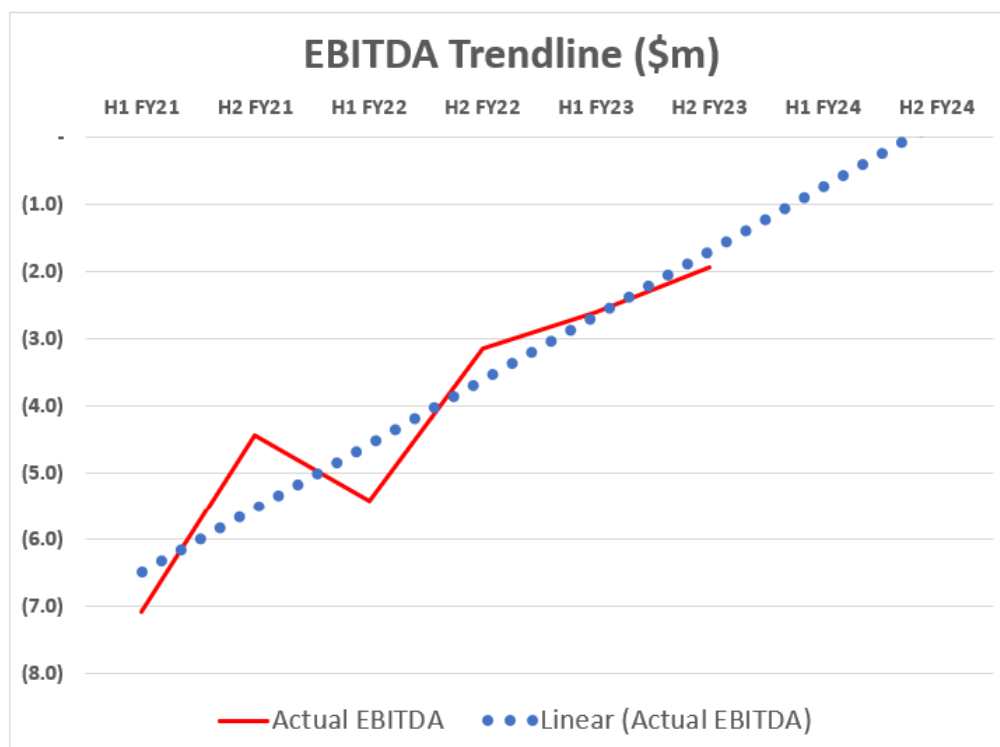
Additionally, non-core assets have been earmarked for potential sale, including divestment of the Group's minority interest in Altmed Pet LLC (Pet Releaf) with an expected realisable value of US\$1.5m at 31 December 2023. .

## Strategy Update

On 25 October 2023, Group CEO Ron Dufficy presented at the 12th Annual Australian Microcap Investment Conference, where he outlined the key drivers of current revenue growth and other core factors on the Group's pathway to profitability.

Group CEO Ron Dufficy commented, *"With our revenues returning to growth and an optimised business model, profitability is within our reach."*

The below trendline has been updated to include unaudited H2 FY23 EBITDA, confirming that the Company continues along its anticipated trajectory towards positive EBITDA in H2 FY24:



### Appendix 4C Commentary

During the quarter, the Group reported net operating cash expenditure of \$0.7m, which was a 22% improvement on the prior quarter (Q3 FY23: \$0.9m) and also represents a 53% improvement versus PCP (Q4 FY22: \$1.4m). These expenditures supported revenue, as well as investment in inventory purchases and new product development, brand building, and the expansion of traditional retail distribution (in particular, in Australia). Expenditures across business segments were as follows: Americas \$0.7m, Australia \$2.3m and Corporate \$0.2m.

The Group reported payments to related parties of \$100,000 (compared with \$95,000 in the previous quarter). These payments comprise Non-Executive Director fees and remuneration paid to the Group CEO.

Changes to Directors' remuneration were approved at the Company's 31 May 2023 Annual General Meeting whereby a portion of Non-Executive Director fees and the Group CEO's salary was approved to be settled as equity. Accordingly, during Q4, a total of \$17,500 cash was withheld from Non-Executive Directors and \$16,250 cash was withheld from the Group CEO.

### Note to Market

None of the information included in this announcement should be considered individually material, unless specifically stated. All figures in this announcement are provided on an unaudited basis. This Company presentation may include certain statements, estimates or projections with respect to the anticipated future performance of the Group, and any ongoing or future projects or both. Those statements, estimates or projections are based on assumptions about future events and management actions that may not necessarily take



place and are subject to significant uncertainties, many of which are outside the control of the Company. Those assumptions may, or may not, prove correct. No representation is made as to the accuracy of those statements, estimates or projections.

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 Wellness**

Elixinol Wellness Limited (ASX: EXL) is a pioneer in the global hemp industry, innovating, marketing, and selling hemp and other plant-derived food, skincare, and nutraceutical products:

- In Australia, Elixinol Wellness operates a vertically integrated business which produces, manufactures, and distributes a range of highly complementary products delivered across four verticals – human nutrition, human wellness, pet wellness and superfood ingredients. We help our customers feel better by providing delicious, nutritious, and convenient health products, which improve and enrich our customers' lives. These products are sold under brands including Hemp Foods Australia, Mt Elephant and Field Day and are sold through grocery, wholesale, and e-commerce channels. The Australian Superfood Co supplies Australian natives and superfood ingredients to white label customers as well as food, beverage, and beauty manufacturers.
- In the Americas, innovating, marketing, and selling high quality Elixinol branded hemp and other plant-derived nutraceutical and skincare products based in Colorado, USA.
- In the United Kingdom, Japan, Brazil, Mexico and South Africa, branded hemp and other plant-derived products are available to consumers via exclusive distribution and/or trademark and know-how licensing agreements.

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

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Elixinol Wellness Limited

**ABN**

34 621 479 794

**Quarter ended ("current quarter")**

31 December 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,560	7,949
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,836)	(5,436)
(c) advertising and marketing	(289)	(1,032)
(d) leased assets	91	300
(e) staff costs	(739)	(3,616)
(f) administration and corporate costs	(433)	(2,320)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	108
1.5 Interest and other costs of finance paid	(41)	(81)
1.6 Income taxes paid/(received)	-	47
1.7 Government grants and tax incentives	25	1,451
1.8 Other – non recurring	(8)	(128)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(669)</b>	<b>(2,758)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(g) entities	-	-
(h) businesses	-	-
(i) property, plant and equipment	(11)	(12)
(j) investments	-	-
(k) intellectual property	-	-
(l) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	11	32
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	52	(1,251)
2.4	Dividends received (see note 3)	-	-
2.5	Cash acquired on equity settled business combination	192	192
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>47</b>	<b>(1,044)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	2,250
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(199)
3.5	Proceeds from borrowings	300	300
3.6	Repayment of borrowings	(207)	(738)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>93</b>	<b>1,613</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	<b>1,238</b>	<b>2,864</b>
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(669)	(2,758)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	47	(1,044)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	93	1,613
4.5	Effect of movement in exchange rates on cash held	(1)	33
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>708</b>	<b>708</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	708	708
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>708</b>	<b>708</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	100
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		



<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	797	300
7.4 <b>Total financing facilities</b>		-
7.5 <b>Unused financing facilities available at quarter end</b>		497
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	<p>As a result of the acquisition of The Sustainable Nutrition Group, a loan facility, fully backed by a term deposit was acquired on 17 August 2023. The loan facility balance included:</p> <p>A loan balance of \$860,000 with NAB that was due to mature in February 2032. The current interest rate (variable) was 8.435% per annum. Principal and interest payments commenced in April 2023. The loan balance was secured by a term deposit of \$869,000 with NAB which could only be accessed on a drawdown basis as the loan balance reduces. The loan was fully repaid by the term deposit held on 13 December 2023.</p> <p>During the quarter, a Trade Debtor Finance facility of up to \$1,500,000 and \$300,000 for Trade finance was established with Scottish Pacific Business Finance Pty Ltd ("ScotPac"), the largest non-bank business lender in Australia on 20 December 2023. As at 31 December 2023, \$300,000 was drawdown against this facility and the total amount available to drawdown was \$797,000.</p>	

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(669)
8.2 Cash and cash equivalents at quarter end (item 4.6)	708
8.3 Unused finance facilities available at quarter end (item 7.5)	497
8.4 Total available funding (item 8.2 + item 8.3)	1,205
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	1.8
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
<p>It is expected that the level of normalised net operating cash outflows will continue to reduce with net operating cash flow reducing. Also, investments in new product launches and investment in working capital were made during the period. As a result of the acquisition of The Sustainable Nutrition Group in August 2023, synergies are now being realised and revenue growth materialising.</p>	

- 8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

The Company is also actively marketing to sell its non-core assets to provide additional cash.

- 8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Yes, the company expects to be able to continue its operations and meet its business objectives. The Company intends to be funded through existing and new facilities to enable its business objectives to be met and expects to decrease the net cash outflows to be supported by existing and new revenue initiatives going forward.

*Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.*

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: ...31 January 2024.....

Authorised by: ...The Board.....  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.