



ASX Announcement
2 December 2019

UPDATE REGARDING ELIXINOL JAPAN

Elixinol Global Limited (Elixinol Global or the Company) (ASX:EXL; OTCQX:ELLXF), wishes to provide an update regarding Elixinol Co, Ltd (**Elixinol Japan**) following its review as notified to the market on 23 October 2019.

The Company assessed various commercial alternatives for its Japanese business. As a result, Elixinol Global has agreed to sell its 50.5% interest in Elixinol Japan to Mr Takeshi Sakurada who is one of the other shareholders of Elixinol Japan.

The key terms of the sale are:

- the unconditional sale by EXL International Holdings LLC (**EIH**) of its 50.5% shareholding in Elixinol Japan to Mr Sakurada with immediate effect;
- the consideration for the sale comprises: (a) JPY1 million (or approximately A\$13,500 on a converted basis) cash payment on completion; and (b) a deferred cash payment of A\$362,715 multiplied by the ratio of the closing price of Elixinol Global shares on 8 January 2020 divided by A\$1.09 (less Japanese taxes), which is payable by no later than 31 March 2020. The rationale for this formula is to approximate the value of the Elixinol Global shares held by Elixinol Japan attributable to EIH's 50.5% shareholding, which could be realised by Elixinol Japan on release from escrow of those shares; and
- an obligation on Elixinol Global and Elixinol Japan to engage in good faith negotiations to enter into a licence agreement incorporating the following key terms before 31 March 2020:
 - non-exclusive licence in Elixinol Global's trademarks and know-how to allow Elixinol Japan to continue to operate its business in Japan;
 - Elixinol Japan pays royalties equal to 3% of Elixinol Japan's gross sales; and
 - an indefinite term, subject to a mutual right to terminate for convenience on 60 days' notice and an ability for either party to terminate with immediate effect upon a material breach by the other party (not capable of being remedied).



The net profit impact of the sale of Elixinol Japan on the Company is expected to be a loss of A\$2.2m.

Andrew Duff, Chairman of the Company, said “We have made an important decision to move to a licensing model for Japan and to press ahead with our growth priorities in our key markets. We look forward to focusing our efforts on building our distribution channels in North America and Europe and reinforcing a positive and growth-focused culture within our business.”

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

For more information please contact:

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About Elixinol Global

Elixinol Global Limited (ASX:EXL; OTCQX:ELLXF) is a global leader in the cannabis industry, selling hemp-derived CBD dietary supplements, hemp food and wellness products, as well as the cultivation and manufacture of medicinal cannabis products.

Elixinol Global’s businesses include:

- Elixinol LLC (Elixinol), a manufacturer and global distributor of industrial hemp based dietary supplement and skincare products, with operations based out of Colorado, USA;
- Hemp Foods Australia Pty Ltd (Hemp Foods Australia), a leading hemp food wholesaler, retailer, manufacturer and exporter of bulk and branded raw materials, and finished products; and
- Nunyara Pharma Pty Ltd (Nunyara), founded in 2014 to participate in the emerging Australian medicinal cannabis market. Nunyara holds a manufacturing licence and its application for cultivation to the Office of Drug Control is currently pending approval.

See more at www.elixinolglobal.com