

ASX Announcement
31 May 2023***ELIXINOL WELLNESS LIMITED'S
FY2022 AGM CHAIR'S ADDRESS***

Good morning ladies and gentlemen and welcome to Elixinol Wellness Limited's Annual General Meeting for the 2022 financial year.

My name is Helen Wiseman, and I am the Chair of the Board. Joining me today is our Group CEO & MD, Ron Dufficy, Non-Executive Director, David Fenlon, our Group CFO and Joint Company Secretary, Josephine Lorenz, Joint Company Secretary, Sarah Prince and our Group General Counsel, Teresa Cleary.

Representing our auditors for the 2022 annual report is Leah Russell and Heng Ng from BDO. And finally, moderating today's proceedings we have Jane Lowe 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, the Gadigal people of the Eora nation and pay my respects to Elders - past, present and emerging.

Today's meeting is being held as a hybrid meeting, so I would like to welcome those who have attended in person today and those joining us online via the Automic platform. All shareholders and proxies, including those online, have the ability to ask questions and submit votes.

Moving on to the meeting agenda, we will conduct today's AGM in three main parts after this brief introduction through which I'll share information on the voting procedure.

Following that will be the Chair's address. I'll then hand over to Ron, who will provide a business update and then we'll 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.

Before handing over to Ron I would like to share some brief thoughts on the year that has passed and what lies ahead for the Company.

FY22 was a year of continued transformation for Elixinol Wellness. We were focused on further improving our profitability position, while also seeking opportunities to maximise shareholder value through the strategic review process.

Our commitment to removing cost from the business, combined with the introduction of more efficiencies, new product innovation and new distribution arrangements, saw us successfully improve our Adjusted EBITDA result by 26%. And this was despite rising global costs.

Business transformation initiatives resulted in a further \$6.5m reduction in operating costs, and we were pleased to see improved profitability for FY22, building another 26% on the 50% improvement reported in the prior year.

Business strategy

Strategically we continued to cement our repositioning as a branded consumer goods business.

The Company's strategy to build a global, natural wellness consumer products company remained at the core of our decision-making.

The strategic review process we undertook during FY22 confirmed we will focus our investments on our core assets - Hemp Foods Australia and Elixinol America. Both are well positioned with strong brands, occupying positions of strategic value as the industry continues to evolve.

The strategic review also resulted in a streamlined organisational structure that now combines corporate with business unit functions. This structure underpins our strategic direction to diversify operations further towards natural and plant-based wellness products in order to reduce our reliance on the CBD portfolio.

TSN Acquisition

At the forefront of our strategic review is the proposed acquisition of The Sustainable Nutrition Group, as we believe it will maximise value for our shareholders.

In November last year, we announced the implementation of a Schemes of Arrangement with The Sustainable Nutrition Group Ltd to acquire 100% of the Company's ordinary shares and effect an exchange of options.

The proposed acquisition of TSN further supports our focus on building a portfolio of strong consumer brands and will result in Elixinol Wellness owning and operating brands across four key verticals: plant-based food and nutrition; hemp-based nutraceuticals, including cannabinoids such as CBD; pet nutritional supplements, and skin health.

The Sustainable Nutrition Group is a strong fit for Elixinol Wellness, and we are truly excited about the size, scale, manufacturing and profitability potential that this acquisition could bring.

The two companies are fully aligned in the vision to build a leading global plant-based food, health and wellness company and have identified many ways in which we can leverage our infrastructure and highly complementary product set to realise this vision.

The acquisition will broaden our distribution capabilities in Australia from 2,400 locations to 4,000 locations and deliver substantial cross-sell opportunities for EXL and TSN brands. It will also enable Elixinol Wellness to obtain access to a fully integrated hemp growing network in Australia to support consumer preference for locally grown and produced products.

We are particularly excited about the scale that we will achieve with this transaction, enabling access to economies of scale and providing cost efficiencies to support the delivery of our profitability goals.

This comes at a time when the global plant-based protein market is expected to grow significantly, with predictions indicating it will increase from US\$10.3bn in 2020 to US\$17.5bn in 2027.

With this in mind, it's worth noting that we will maintain a watching brief in relation to potential investments in other markets, however any investment will be heavily dependent on positive developments in the regulatory environment relating to hemp-based products. We currently already have successful licencing or distribution arrangements in place in the UK, Japan, South Africa and Malaysia (pending approvals).

Post period developments

There have been a number of key developments for the Company post the FY22 period worth touching on briefly.

Firstly, in February we announced to the market that the dispute with CannaCare had been successfully concluded, with the Arbitration Award made in our favour and the Arbitrator ordering a final Award of approximately A\$0.8m.

In April we announced the successful completion of our \$1.25m Placement to institutional and sophisticated investors and earlier this month we completed a \$1.0m fully underwritten Share Purchase Plan (SPP) which was well supported by shareholders.

This funding will be used to strengthen the Company's financial position as we move to complete the proposed acquisition of The Sustainable Nutrition Group.

In our Q1 FY23 business update we announced that Directors Mr Paul Benhaim and Mr Oliver Horn had retired as Non-Executive Directors, in line with the Company's long-term strategy to reduce corporate costs.

I would like to personally extend my sincere thanks to Paul and Oliver for their passion and dedication to the Company, and for the instrumental roles they both played in the development and evolution of Elixinol Wellness.

As part of the corporate changes, we also announced the expansion of Group CEO Ron Dufficy's role to also include the role of Managing Director. Under Ron's stewardship we have successfully undertaken and navigated a revised strategy over this past year, and I am delighted to welcome him to the Board.

Looking ahead

Looking ahead for Elixinol Wellness, I would like to reiterate that we remain positive about the market opportunities for hemp-derived food and nutraceutical products.

We have successfully transitioned our strategy towards a branded consumer goods nutraceutical and food business, and we are well positioned to leverage our strong brands and reputation to deliver profitable growth for our shareholders.

We look forward to completing the acquisition of The Sustainable Nutrition Group and bringing it into our business alongside our Australian hemp foods product offering. This will see us realise synergies and economics of scale and broaden national retail distribution through major retailers such as Woolworths, Coles, Costco and pharmacy chains.

Our commitment to industry innovation and new product development remains, and we look forward to unveiling an extensive new product pipeline in functional plant-based foods and CBD nutraceuticals over the coming months.

We will retain our relentless focus on improving capital efficiency via strategies to improve cash flow, drive margin accretion and tightly control expenditures.

We will continue to operate the Elixinol Americas business with a lean and capital light business model.

Continued investment will be made in building our brands in the core markets of Australia and US, while also maintaining brand presence in other select markets.

Closing

In closing I'd like to thank the Board, management team and our employees for their continued commitment and dedication to the Company.

And finally, I would like to take the opportunity to thank you, our shareholders for your ongoing support and belief as we continue to evolve the business with the aim of delivering shareholder value.

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

Investors are invited to review the Group 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 Wellness

Elixinol Wellness Limited (ASX: EXL) is a pioneer in the global hemp industry, innovating, marketing and selling hemp and other plant-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 and other plant-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 the United Kingdom, South Africa, Japan, Brazil, Mexico and Malaysia (pending approvals), branded hemp and other plant-derived products are available to consumers via exclusive Distribution and/or Trademark and Know-How Licensing Agreements
- Across the Rest of World, expanding distribution of branded hemp and other plant-derived products through reputable distributors as key markets open.

See more at www.elixinolwellness.com