



# Annual General Meeting

26 May 2022



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# Agenda

Introduction

Chair's address

CEO update

Official business

Q&A



# Introduction





# Chair's Address

A woman is shown from the waist up on the left side of the frame, smiling broadly with her arms raised in a celebratory gesture. She is wearing a dark, long-sleeved top. The background is a bright, hazy sunset over a body of water, with the sun low on the horizon creating a strong golden glow. The sky is filled with soft, white clouds. The water in the foreground is calm, reflecting the warm light. In the bottom right corner, there are some small, dark, leafy plants.

# CEO Update



## Elixinol CBD Brand (Digestible & Topical Products)



## Hemp Foods Australia (Foods, Supplements & Skincare)



### VISION

To create a healthier everyday life through the power of hemp and plant-based products

### AMBITION

Building a global, hemp-centric wellness consumer products company

### PURPOSE

Changing lives naturally!



Quality & Efficacy



True Heritage



Natural & Sustainable

# Year in Review



**March 2021**

Elixinol Global announces it has signed a binding agreement to acquire CannaCare Health GmbH, owner of Canobo, one of Germany's leading CBD brands



**March 2021**

Elixinol, under its European Industrial Hemp Association (EIHA) Novel Food consortium membership, successfully submits its Novel Food Application allowing products to remain in distribution whilst the UK Food Safety Authority (FSA) processes applications.



**May 2021**

Elixinol Wellness appoints Rob Hasselman as President Americas and Beata Silber as Global Head of R&D and Innovation



**May 2021**

Elixinol Global Limited changes its name to Elixinol Wellness Limited, representing the evolution of the Company to a natural health and wellness consumer products business



**June 2021**

Elixinol Wellness announces the termination of the proposed acquisition of CannaCare Health GmbH due to a changing German market outlook and increased competition



**July 2021**

Hemp Foods Australia's Hemp Gold Protein is being sold in all Costco stores across Australia and online



**September 2021**

Elixinol Americas enters pet CBD wellness category with dedicated product range



**September 2021**

Hemp Food Australia's Hemp Seed Oil available in 104 Woolworths supermarket stores nation wide



**September 2021**

Hemp Foods Australia launches hemp paste as a versatile food ingredient, and is initially available as part of a dairy free ice cream range



**October 2021**

The state of California in the US passes Assembly Bill 45, formally permitting the sale of hemp derived CBD products



**October 2021**

Elixinol US launches a new Shopify e-commerce site for better user experience at a lower cost



**December 2021**

Elixinol Wellness transitions European operations to licensing model and enters into a three-year exclusive Trademark and Know-How Licensing Agreement with BRITISH CANNABIS™ to manufacture, market and sell CBD products across the UK

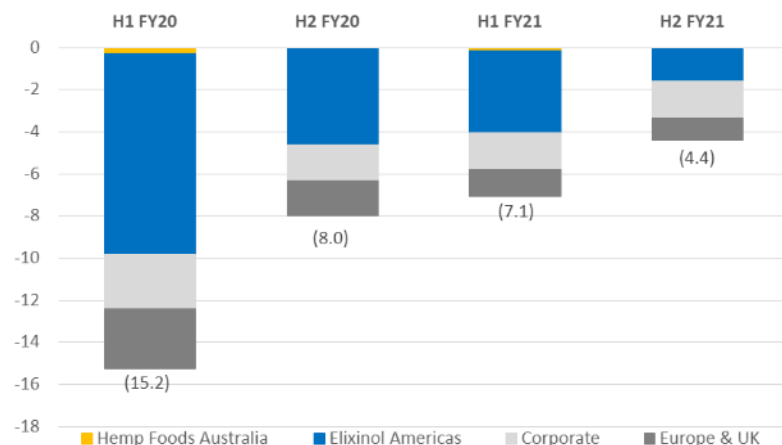




# FY21 Financial Highlights

Elixinol Wellness is on a consistent EBITDA improvement trajectory having delivered its best EBITDA performance in recent periods and continues well capitalized with a strong cash position.

**Adjusted EBITDA by Half**  
A\$ million, 31 December year end



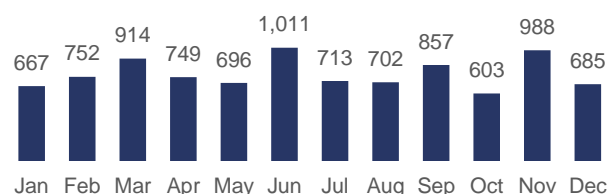
## Adjusted EBITDA\*

Improved significantly between FY21 and FY20, despite lower revenues with a reduced cost base supporting a simplified strategy.

Cost reduction program and higher margin business driving performance improvements.

H2 FY21 includes \$1.6m non-recurring income from US Employee Retention Credit program.

**FY21 Revenues: \$9.3m (~38% vs PY)**  
A\$'000, FY21



**35%**

## Cost base reduction

Operational and corporate cost reduction initiatives have significantly reduced operating expenses FY21 compared with FY20.

## Well funded\*\*

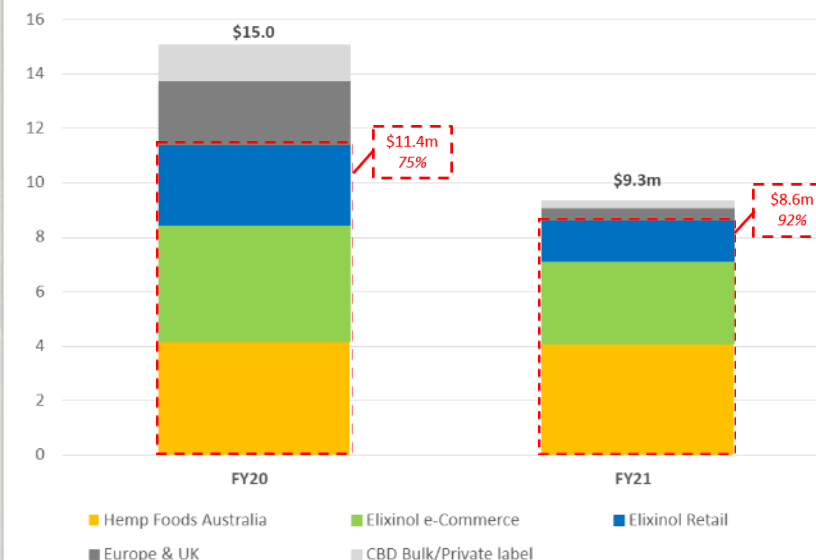
With improving cash flow, approximately five quarters of funding as 31 December 2021.

**\$14.7m**

vs \$27.7m in FY20

**5 qtrs**

**Revenue by Channel**  
A\$ million, full year ending 31 December



## Revenue by channel

Divested low margin business to focus on higher margin branded products.

Driving margin improvement as business mix shifts towards e-commerce and branded consumer goods channels.

\* Excluding non-cash impairments and share-based payments. \*\* \$12.6m Cash and cash equivalents at the end of the reporting period plus \$2.1m expected to be received from one-off US COVID-19 relief measures (\$1.6m from ERC program plus \$0.5m refund of taxes paid in prior financial years).

# FY21 Operational Highlights

Group wide transformation and restructuring efforts have driven profitability and EBITDA gains across all business units.

Well capitalized, strong margins, continually lowering cost structures and new momentum from an economic recovery, improved e-commerce capability and new product launches sets the scene for a more buoyant FY22 outlook.

Large scale business transformation drives \$11.3m OPEX savings with further optimisation initiatives available.



Margin accretion strategy enhanced Group margins by 7 pts to 52% and delivered incremental \$0.7m in margins. Further opportunities throughout FY22 as low EU business margins fall away.



Elixinol Americas delivers largest EBITDA improvement despite challenging market context and continued brand investment. Margins at record high of 71% and new e-commerce platform creates new momentum.



Investment focus on AU and US markets with strongest competitive position simplifies our business model and enables group to compete more effectively.



Hemp Foods Australia's strategy to focus on profitability and range optimisation allows for increased investment to remain competitive whilst improving EBITDA by 33%



Corporate Cost Reductions  
Normalised corporate cost reduced by 30% to \$3.4m\* (FY20: \$4.9m) with further optimisation identified.





# Q1 FY22 Key Highlights

Despite seasonal and omicron softness impacting revenues in Q1 FY22, we have maintained our trajectory to drive EBITDA improvement.



## US digital revenue by month

Growth in monthly digital revenue month by month showing positive signs



## New product launches driving growth and distribution

The relaunch and expansion of our Hemp Foods protein range has delivered a 63% growth in category revenue contribution for the quarter compared to PCP

## Solid funding position

Cash reserves of \$10.8m\* and reduced capex requirements and operating costs due to simplified and capital light business model.

## Cost reduction program

Continued annualised operating cost saving approx. \$3.2m, focused on reducing corporate costs and further right-sizing the Elixinol Americas operations.

## Changes to board and executive team

Mr Dave Fenlon as Non-Executive Director  
Mr Ron Dufficy as Interim Global CEO  
Ms Jo Lorenz as Global CFO

## FSA approval of Elixinol's UK product range

Elixinol products named on long awaited UK FSA novel foods list allowing Elixinol products to continue to be sold in the UK through licensing model

## HFA receives preliminary approval from TGA

Hemp Foods Australia receives preliminary approval from the Therapeutic Goods Administration (TGA) for exclusive use of Hemp Seed Oil as a permissible ingredient for Listed Medicines

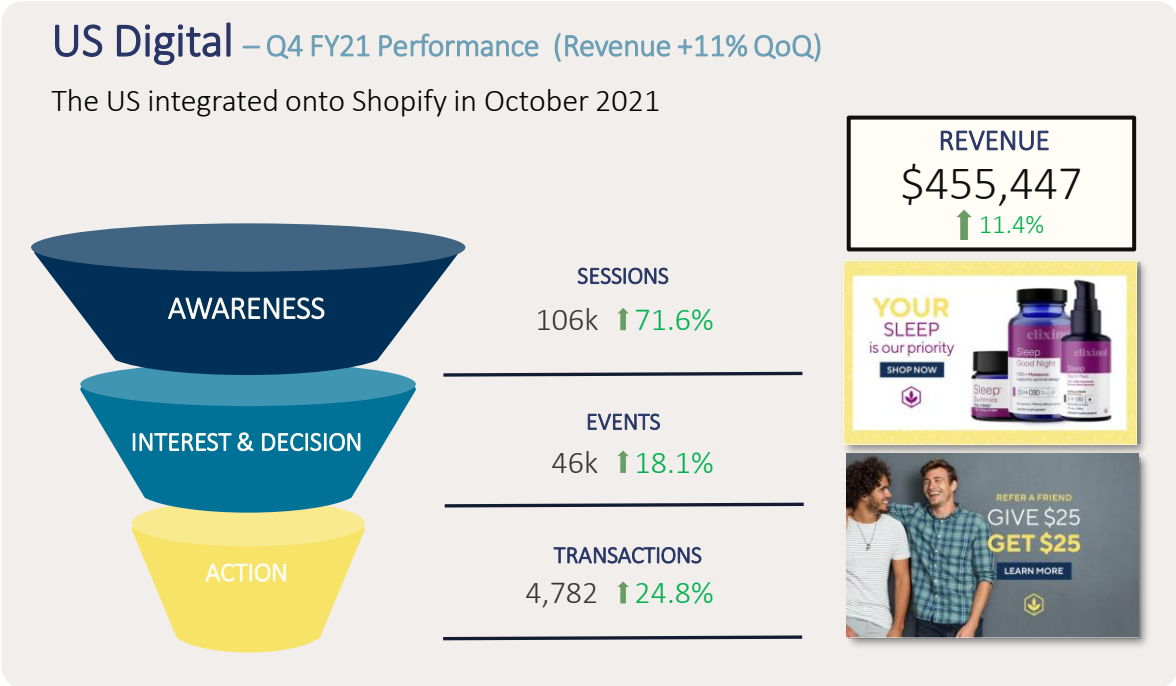
## International agreements

Exclusive license agreement renewed with Elixinol Japan, Elixinol Malaysia appointed as exclusive distributor and Canadian trademark successful registered for ELIXINOL

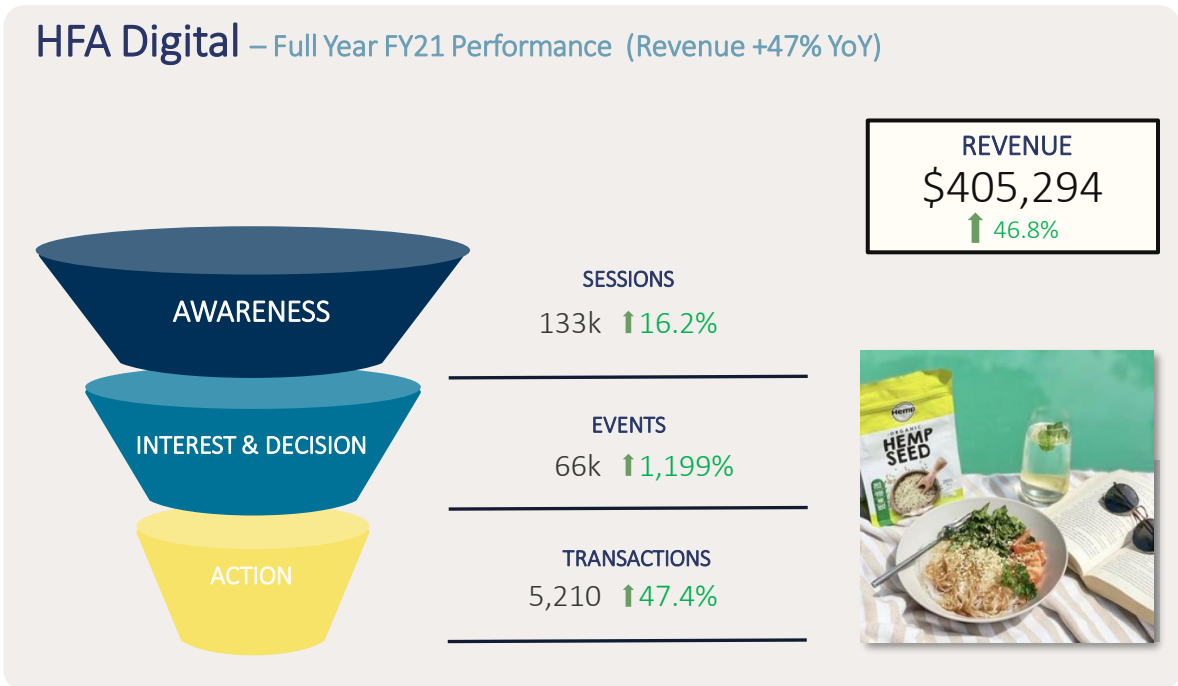
\* \$10.8m Cash and cash equivalents at the end of the reporting period plus \$1.8m expected to be received from one-off US COVID-19 relief measures (\$1.3m from ERC program plus \$0.5m refund of taxes paid in prior financial years).

# Digital Growth Strategy Driving Growth and Profitability

39% of revenue was derived from e-commerce in FY21 (FY20: 33%). Continued efforts to move toward a digital growth business have yielded strong progress, with more upside ahead as the business focused on attracting new consumers and improving user experience.



**US:** New e-commerce platform launched in October FY21 delivering material performance gains and new functionalities such as subscription services and a loyalty program. E-commerce accounted for 63% of segment revenues.



**AUS:** HFA benefited from COVID lockdowns and subsequent consumer shift to online whilst increasing its investment in traffic driving initiatives. E-commerce accounted for 12% of segment revenues.

Note: 1. ‘Other’ refers to Referral, Social and Display



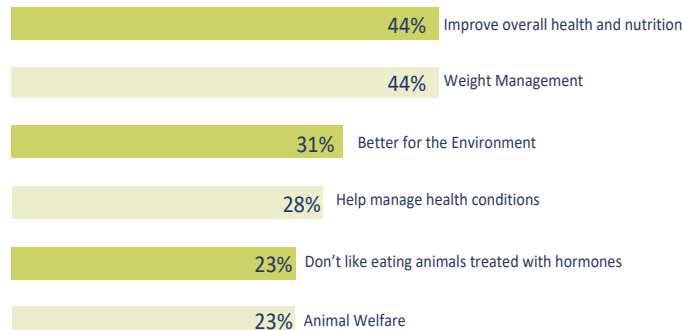
# Outlook: Hemp food and CBD products an answer to the growing trend for plant-based nutrition and nutraceuticals

## Hemp food in Australia

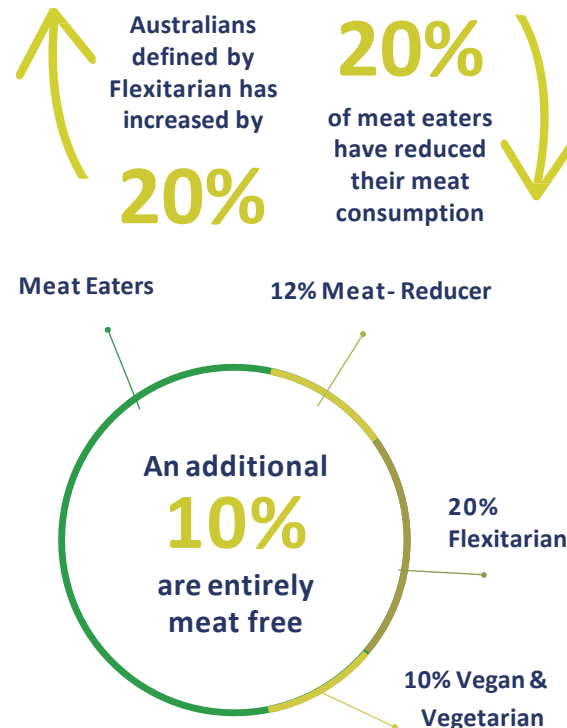
The rise in dietary trends such as vegan / vegetarian and flexitarian has seen consumers turn to plant-based foods, with increasing numbers of people turning their backs on meat. In Australia, millions are reducing their meat intake and interest in plant-based alternatives is gaining considerable momentum.



Top Reasons for wanting to incorporate more Plant-Based Foods



Source: "What you Need to Know About the Meteoric Rise in Flexitarian Eating." Mattson. August 2017



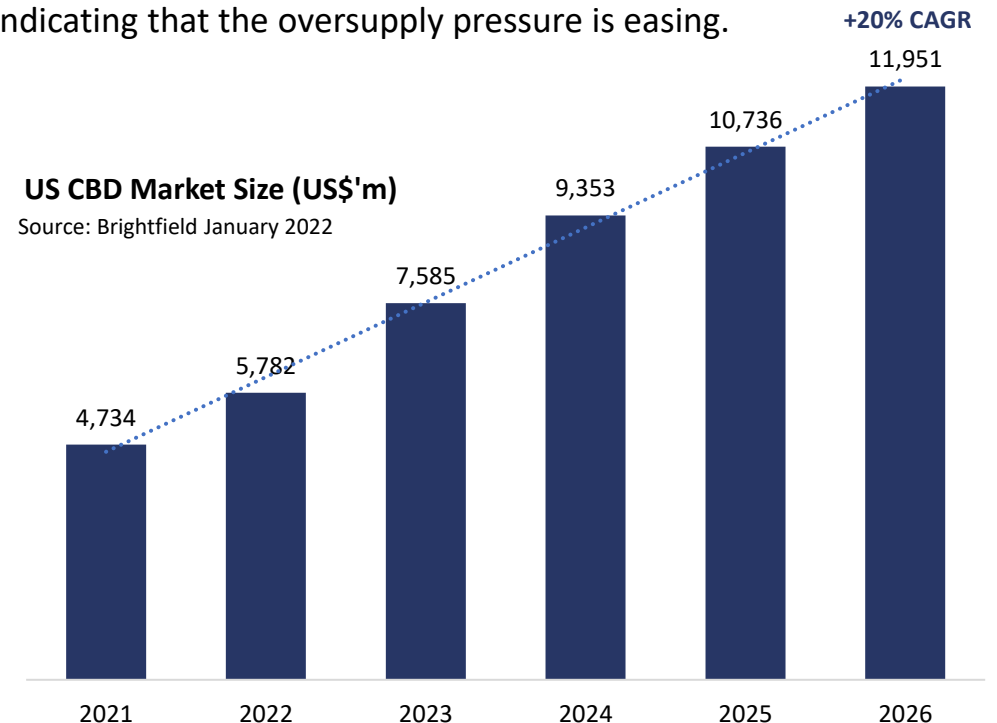
Source: Hungry for plant-based Australian consumer insights, Oct 2019.

## CBD in U.S.A.

Sales are expected to reach \$12.0 billion by 2026, driven by accelerated growth of ingestibles, as well as larger mainstream distribution channels, like grocery. The regulatory environment is developing positively with new Congressional bills receiving bi-partisan support and California legalising CBD as dietary supplement. Prices appear to be stabilizing indicating that the oversupply pressure is easing.

### US CBD Market Size (US\$'m)

Source: Brightfield January 2022



# Global Strategy & Initiatives

**VISION:** To create a healthier everyday life through the power of hemp & plant-based products

**REGIONAL PRIORITIES:** As we re-build profitability, we will focus our investments on our most established markets in the US and Australia where we have a strong competitive position whilst maintaining a watching brief in the EU/UK depending on regulatory progress.

Goals



## Accelerate e-commerce growth

- Increase traffic through paid social, influencers and pay-per-click investment
- Further improve user experience and site speed
- Activate B2B e-commerce function



Let Nature Shine  
Nature's best ingredients —  
for your full potential.

SHOP NOW



## Broaden national retail distribution in all regions

- US: Participate in bricks & mortar category recovery
- Australia: Woolworths, Coles and pharmacy chains distribution drive



Immune Support  
starts here.

Now Immune Out Health  
the only CBD capsule  
with 'Ginger'.

SHOP NOW



## Innovate in functional foods & CBD nutraceuticals

- US: New formats and scientifically proven formulations
- Australia: Continued portfolio expansion into snacks, protein powders as well as rejuvenation of existing product ranges



## Improve profits through business optimisation

- Complete US supply chain outsourcing by Q1 FY22
- Continued cost reduction including corporate
- Further margin accretion through shift towards high margin e-commerce and high margin NPD

Initiatives

Foundations

Sustainability

Internal Wellness Culture

Quality & Compliance

Customer & Consumer Insights



# New Product Development Initiatives

FY21 investment in building a R&D and innovation capability has delivered a wide reaching new product launch pipeline that will see new product throughout H1 FY22.



Elixinol will expand CBD offering with new formats and complex formulations.

## LAUNCHED

- Sleep Liposomes
- Sleep Gummy
- THC Free Warming Balm

## COMING

- Functional gummies
- Functional tinctures
- Functional capsules



H1 FY22



HFA brand relaunch and packaging overhaul will be accompanied by new protein and snack category expansions.

- New Protein range
- 100% recycled packaging launch
- Seed mixes
- Complete nutrition shake



# Summary

**Well positioned in global consumer wellness trend**  
for natural and plant-based food and nutraceuticals



**Business transformation**  
to a leaner cost structure, further strengthening fundamentals

**Improved outlook**  
due to a better economic environment and end of COVID-19 restrictions

**New product development pipeline** will drive entry into new product categories and drive incremental growth

**Strong balance sheet with \$10.8m\* of funding**  
and virtually debt free  
(\*as of 31 March 2022)



**Strategic Review**  
will create new options to maximise shareholder value further





# Thank you