

# FY23 Results Presentation

29 February 2024



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This Presentation is current as at 12 February 2024.



# Table of Contents

- Vision
- Company Overview
- Financial Highlights
- FY23 Results Summary
  - Segment Performance
  - Financial Summary
  - Cash Flow
  - Financial Position
- Strategy & Outlook



## Vision

To create healthier everyday lives through  
the power of plant-based products.



**Quality &  
Efficacy**



**True  
Heritage**



**Natural &  
Sustainable**



# Elixinol Wellness Overview

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

**Pioneer and early leader** in hemp and other plant-based superfoods and developing a robust native ingredients supply model.

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

**\$13.0m revenue opportunity pipeline** being targeted to expand distribution.

**TSN acquisition** now complete, increasing the size and scale of Elixinol Wellness.

**Ananda Food acquisition** expected to complete late-March 2024, further increasing the size and scale of Elixinol Wellness.

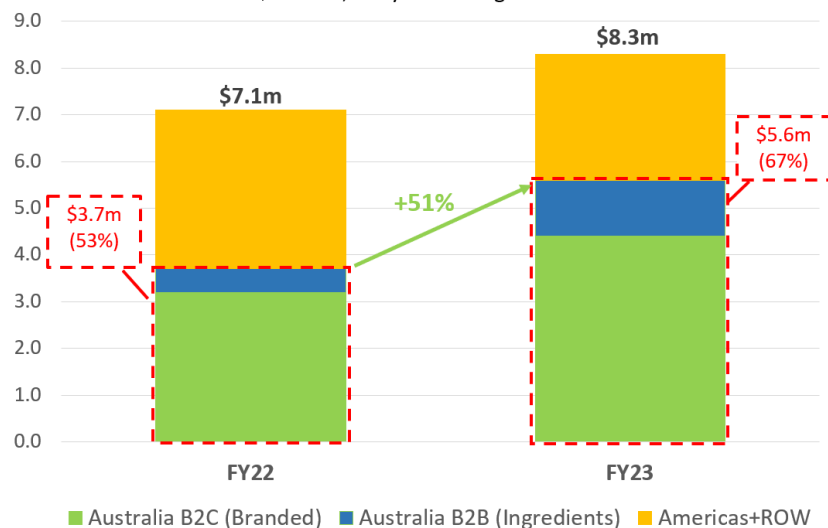


**Sales and synergies drive trajectory to profitability** and a sustainable business model.

# Financial Highlights

Adjusted EBITDA significantly improved for the 8<sup>th</sup> consecutive half year period.

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



## 51% growth in Australian based revenues,

a strategically important market and a growing share of total business. Driven by TSN acquisition in August 2024 and 25% growth of B2C sales of Hemp Foods Australia branded products.

Elixinol Americas eCommerce revenues 21% decline in a challenging market context with unclear regulatory pathway.

## 30% cost base reduction

Operational and corporate expense reduction initiatives have continued to significantly reduce operating expenses.

**\$8.6m in FY23**

vs \$12.2m in FY22



## 42% reduction in normalised net operating cash utilised\*

Ongoing improvement since FY20, due to ongoing business optimisation efforts.

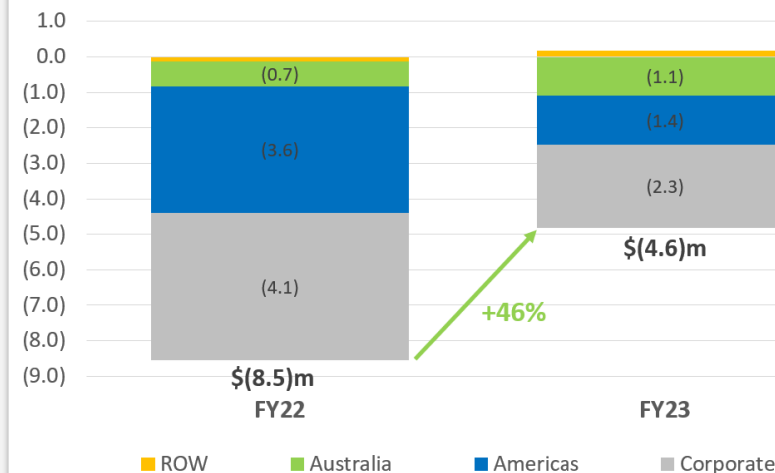
**-\$6.6m in FY23**

vs -\$11.4m in FY22



\* excluding product costs and inventory purchases

**Adjusted EBITDA**  
A\$ million, full year ending 31 December



## Adjusted EBITDA<sup>1</sup>

Revenue growth and cost reduction programs driving EBITDA performance improvements.

Ongoing improvement since FY20, led by a reduced cost base to support an optimised strategy.

<sup>1</sup> Excluding non-cash impairments and share-based payments.

A woman is shown from the waist up, sitting on a beach and raising her arms in a celebratory gesture. She is smiling broadly, looking up towards the sky. The background features a bright sunset or sunrise over the ocean, with a large, glowing sun partially obscured by clouds. The overall color palette is warm, dominated by oranges, yellows, and soft blues. On the left side of the image, there is a large, semi-transparent graphic element consisting of a stylized leaf or petal shape within a hexagonal frame.

# **FY23 Results Summary**

# Segment Performance

EBITDA and gross margins improving

A\$'m	Australia		Americas		Rest of World		Corporate	
	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22
Revenue	5.6	3.7	2.6	3.3	-	-	-	-
Gross profit	1.7	1.1	1.7	2.1	-	-	-	-
GP%	30%	30%	65%	63%	-	-	-	-
Operating expenses	(2.8)	(1.9)	(3.5)	(6.2)	-	-	(2.3)	(4.1)
Other income/(expenses)	-	-	0.4	0.5	0.2	0.2	0.0	0.0
Adjusted EBITDA	(1.1)	(0.7)	(1.3)	(3.6)	0.2	(0.1)	(2.3)	(4.1)



- Building profitable distribution with Costco, Woolworths

- Investment in scale through acquisition and investment in NPD

- **Includes TSN acquisition & integration costs (now complete)**

**TSN integrated during Q4 FY23**

- Impacted by regulatory uncertainty and CBD category consolidation

- Elixinol Life launched August 2023

- 43% cost reduction

**\$2.3m EBITDA improvement**

- Market stalled due to regulatory uncertainty

- Ceased direct trading Q4 FY21, low-cost licensing model from FY22

- Recovery of additional \$0.2m arbitration award

**\$0.3m EBITDA improvement**

- Corporate team reduced from 6 to 2

- Non-Executives Directors reduced from 3 to 2

**\$1.8m EBITDA improvement**

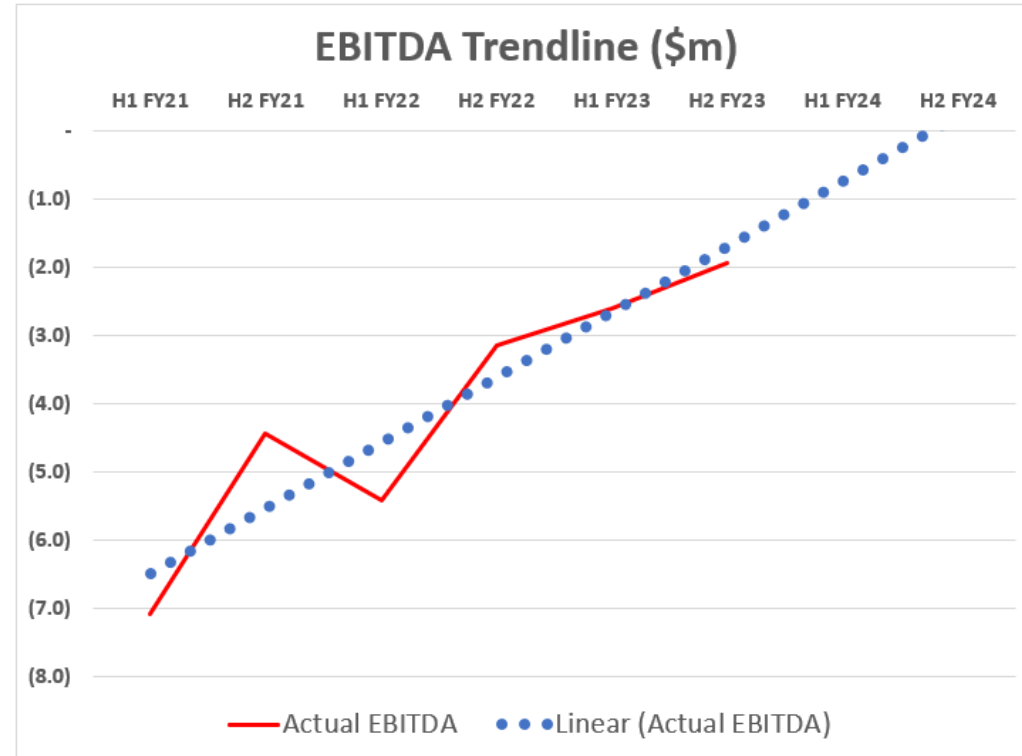
1. \*FY23 unaudited Preliminary Financial Report for year ending 31 December 2023; FY22 audited for year ending 31 December 2022.



# Financial Summary

Adjusted EBITDA significantly improved for the 8<sup>th</sup> consecutive half year period.

\$m	FY23	FY22
Revenue	8.3	7.1
Cost of goods sold	(4.9)	(3.8)
Gross profit	3.4	3.2
GP%	41%	45%
Operating expenses	(8.6)	(12.2)
Non-operating income	0.6	0.5
Adjusted EBITDA	(4.6)	(8.5)
Depreciation	(0.6)	(0.7)
Impairment of assets	(1.7)	(1.0)
Share-based payments	(0.7)	(0.2)
Interest income/(cost)	0.1	-
Profit/(loss) before tax	(7.5)	(10.6)
Tax expense	-	-
Profit/(loss) after tax	(7.5)	(10.6)



# Cash Flow

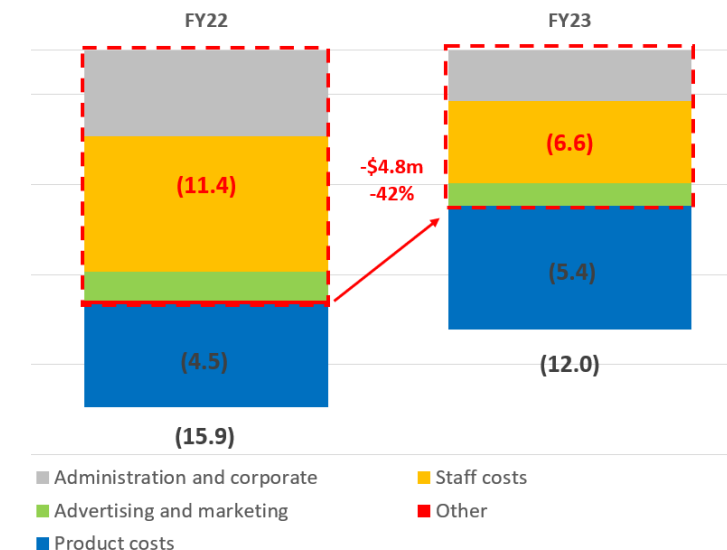
42% reduction in normalised net operating cash utilised excluding variable product costs & inventory purchases.

A\$m	FY23	FY22
Operating activities	(2.8)	(8.2)
Investing activities	(1.0)	(0.9)
Financing activities	1.6	(0.8)
Net increase/(decrease) in cash	(2.2)	(9.8)
Opening cash on hand	2.9	12.6
Effect of change in foreign exchange	-	-
Closing cash on hand	0.7	2.9

- Optimised operating model has driven significant cost savings
- 42% reduction in normalised net operating cash utilised excluding variable product costs & inventory purchases
- Operating cost reductions implemented supported by a leaner corporate team

## Normalised Operating Cash Outflows\*

A\$ million, 31 December year end




# Financial Position

Finance facility established to support future growth.

A\$'m	31 Dec 2023	31 Dec 2022
<b>Current assets</b>		
Cash and cash equivalents	0.7	2.9
Trade & other receivables	1.7	4.0
Inventories	3.7	1.7
Assets held for sale	1.5	-
Other	0.6	0.7
Total current assets	8.2	9.3
<b>Non-current assets</b>		
Property, plant and equipment	0.9	0.4
Investments	-	2.8
Intangible assets	2.3	0.2
Other	0.3	0.8
Total non-current assets	3.5	4.2
Total assets	11.7	13.5
<b>Liabilities</b>		
Trade and other payables	2.1	1.4
Other current liabilities	2.8	2.0
Non-current liabilities	0.3	0.9
Total liabilities	5.2	4.3
Net assets	6.5	9.2

- Continued prudent working capital management
- Sale of non-core assets expected to realise approx. \$2.3m cash in April 2024
- Scottish Pacific finance facility established to fund working capital for growth



# Strategy & Outlook







# House of Brands

We help our customers feel better

**Positioning:** delicious, nutritious and convenient health products that improve & enrich our customers' lives

**Consumers:** have a lifestyle focused on living well and prioritise health & wellness

**Retail Channels:** grocery, independents, health, pharmacy, pet retailers, online

 <p><b>LTM revenue: ~A\$4.0m</b></p> <p>Channel - health / grocery / pharmacy / online</p> <p>Functional nutrition products &amp; TGA approved supplements</p> <p>Functional meal replacement &amp; beverages (coming soon)</p> <p><b>Total market size - VDS A\$3.1b<sup>1</sup> Sports A\$1.4b<sup>1</sup> Hemp A\$15m<sup>2</sup></b></p>	 <p><b>LTM revenue: ~A\$1.0m</b></p> <p>Channel - grocery</p> <p>Healthy baking mixes</p> <p><b>Total market size - A\$0.6b<sup>3</sup></b></p>	 <p><b>LTM revenue: ~A\$0.1m</b></p> <p>Channel - online &amp; pet retail</p> <p>Wholefood meal supplements / dogs</p> <p>Nutraceuticals for dogs (coming soon)</p> <p><b>Total market size - A\$4b<sup>4</sup></b></p>	 <p><b>LTM revenue: ~A\$2.6m</b></p> <p>Channel - online</p> <p>CBD and vitamins</p> <p><b>Total potential market size - US\$16b by 2026<sup>5</sup></b></p>
AUSTRALIA			USA

# B2B Ingredients

Australian natives and superfoods

**Positioning:** plant-based, clean, nutritious, Australian grown (preferred)

**Customers:** B2B (trade)



BYRON BAY BORN 1999  
**Hemp Foods**  
AUSTRALIA



## Food

### Food Manufacturers & Hospitality

Dried natives - powder, flaked & leaf

Bulk & private label hemp ingredients



## Beverage

### Drink Manufacturers & Hospitality

Native & Australian extracts - fruits & herbs

Hemp protein powders



## Beauty

### Beauty Manufacturers & Brands

Botanical extracts – Kakadu Plum

Hemp seed oil



## Pet

### Animal Food Manufacturers & Brands

Horses – hemp hulls

Cat litter

Other pet

# Ananda Food Acquisition

On track to complete by late March 2024

Retailer

Product

Description

Ananda Food



BRC registered facility  
in Newcastle, NSW

Seed, oil and protein  
manufacturing  
capabilities



Pelletising line to  
produce cat litter and  
animal feed products

Woolworths



Sells bulk seed, protein  
and oil to Woolworths,  
sold under "Macro"  
home brand



Strong relationship  
established



Product developed  
following proactive  
engagement with  
Woolworths



Utilises hemp  
production by-product  
  
Launched Sep'23

Coles



Owned retail brand  
acquired in Apr'22



National distribution  
with Coles

# Revenue Breakdown & Guidance

## CY2023 Pro-forma Revenue:

- EXL: \$10.7m<sup>1</sup>
- Ananda Food: \$2.1m<sup>2</sup>

**Combined CY2023 Pro-forma Revenue: \$12.8m**

## CY2024 Revenue Guidance:

- EXL organic growth expectation (20 - 50%): \$13.0m - \$16.0m<sup>3</sup>
- Ananda Food, CY2023 revenue assumed (conservative): \$2.1m<sup>4</sup>
- Revenue Synergies expected across the group: \$1.0m-2.0m

**CY2024 Revenue Guidance: \$16m - \$20m**

## Cost Synergies:

- \$1.0m immediate cost synergies
- Improved production yields driving gross margin

**Forecast EBITDA breakeven from mid-CY2024**



Easily add healthy nutrients to your daily diet with our high cocoa, warming, delicious, and luxurious blends. No added sugar or nasties. Simply add 200ml of warmed milk of your choice, stir well and enjoy!

1. Includes full calendar year pro-forma contribution from TSN  
2. Assumes Q4 annualised revenue for Ananda Food  
3. Excludes any contribution from Ananda Food  
4. Assumes no growth on Q4 annualised revenue for Ananda Food



# Growth Strategies



**Focus on core brands in the Australian market**



**Streamline, rationalise and innovate product range**



**Maximise conversion of revenue opportunity pipeline to expand distribution**



**Increase size and scale**

## Key Growth Drivers:

1. Capitalising on the transition of hemp-based consumer products moving from the health channel into mainstream channels, with a particular focus on the high-margin sports nutrition and vitamin sectors.
2. Significantly increase sales volumes of Mt Elephant's products via aggressive retail expansion driven by ambassador relationships and retail lead promotions.
3. Take advantage of rapid growth in pet nutrition market with key retail partnerships and new e-commerce focus for Field Day pet brand.
4. Strengthen Hemp Foods Australia's growth through focus on innovative functional nutrition.
5. Increase in ranging with Tier-1 Australian and global grocery chains with pipeline opportunities identified to grow revenue by up to \$13.0m, with ranging increasing from 25 core products to 37 (6 range extensions plus 6 NPD).
6. Unlock new brands and new retail channels through cat litter and equine products\* and grow B2B sales of hemp and botanical ingredients into the cosmetic industry.
7. Realise revenue and cost synergies from the TSN and Ananda Food\* acquisitions.
8. Divest minority equity interest in Altmed Pets LLC (Pet Releaf) (approx. A\$2.3m).
9. Explore additional M&A opportunities to build scale and extract further synergies.

\* Assumes completion of the acquisition of Ananda Food Pty Ltd which is expected to complete late-March 2024.

# Thank you

*for more information, please contact:*

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## Vegetable Broth with Protein & Fibre



### What Customers Love:

- No added sugar and less salt
- No preservatives or fillers
- Satisfying savoury flavour
- Contributes to energy production
- Contributes to cognitive function
- Source of protein, fibre, iron and magnesium
- Easy to add nutrients to your diet

Enjoy a satisfying savoury depth of flavour from this broth including onions, garlic, shitake, herbs and spices. Either use as a base for soups, stews and sauces or simply add 14g to 250ml of boiling water, stir and drink for a protein, fibre and nutrients boost!

## Zero Chicken Broth with Vegan Collagen



### What Customers Love:

- Vegan substitute to Bone broths
- Includes vegan collagen for hair, skin and nail health
- No added sugar and less salt
- No preservatives or fillers
- Satisfying savoury flavour
- Source of protein, fibre, iron and magnesium
- Easy to add nutrients to your diet

Enjoy a satisfying savoury depth of flavour from this broth including onions, garlic, shitake, herbs and spices. Either use as a base for soups, stews and sauces or simply add 14g to 250ml of boiling water, stir and drink for a protein, fibre and nutrients boost!

# References

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