



Elixinol
Wellness

Quarterly Activities & Appendix 4C

Q3 Ending 30 September 2024



ASX ANNOUNCEMENT

Q3 FY24 Activities Review and Appendix 4C

22 October 2024: Elixinol Wellness Ltd (ASX:EXL) (“EXL”, “Elixinol”, “Company” or “Group”), a producer, manufacturer and distributor of sustainable plant-based nutrition and nutraceutical products, is pleased to report its Quarterly Activities Review and Appendix 4C for the three months ending 30 September 2024 (“Q3 FY24” or the “Quarter”).

Highlights

- **Strongest Quarter in 4 Years:** Customer receipts surpassed \$4.1M in Q3 FY24, delivering the Group’s best quarter since Q3 FY20. Group revenue increased by \$1.7M (77%) to \$3.9M from \$2.2M a year ago. Building on two years of uninterrupted growth, the Company is strategically positioned to achieve key EBITDA and sales milestones in the final stretch of 2024.
- **Doubling of Australian sales:** Australian sales doubled again in Q3, reaching \$3.3M compared with \$1.6M a year ago. This sustained growth (Q2 FY24: \$3.2M) was driven by strong performance in the Grocery channel, supported by solid baseline sales, increasing brand loyalty, and well-executed promotions. eCommerce sales also gained momentum across the Group.
- **Elixinol USA posts third consecutive quarter of positive EBITDA:** The U.S. business achieved revenue growth in Q3, with sales of \$0.5M, marking a 13% increase over Q2. Online sales rose 23%, supported by strategic promotions aimed at driving further gains during the critical U.S. year-end sales period. Elixinol USA contributed \$69K to Group EBITDA in Q3, a 146% increase from Q2’s \$26K contribution.
- **Expanding margins and enhanced cost efficiency:** Costs as a percentage of revenue (excluding marketing) fell in Q3, driven by the Company’s cost-reduction initiatives and improved operational efficiency. Gross margins across the Australian portfolio rose from an average of 32% in Q2 to 34%, while the Q3 Group margin also increased by 3% to 39%.
- **Strategic acquisition and capital expansion (Placement and SPP):** Post quarter-end, the Company signed a binding agreement to acquire The Healthy Chef, a complementary lifestyle brand. This acquisition is expected to boost revenue, margins, and EBITDA, while unlocking new scaling and cost-optimisation opportunities across Australia and the U.S. Elixinol also raised A\$1.075M through an institutional placement. Proceeds will be used to finalise the acquisition and drive near-term growth initiatives. Additionally, the Company launched an SPP (closing 25 October), offering eligible shareholders the opportunity to participate on the same terms as placement participants, targeting an additional A\$0.5M.
- **Cash balance of \$1M at 30 September:** Excluding one-off costs from the final integration of the Ananda Foods (AF) business, operational cash burn in Q3 was reduced to \$260K, 59% lower than Q2’s normalised spend of \$637K, equating to four quarters of cash runway.
- **Break-even within reach:** The Group remains focused on achieving its stated FY24 sales target of \$16M-\$20M. Although revenue is expected to land at the lower end of the range, the path to EBITDA break-even remains achievable.

Best Quarter in Four Years

The Company achieved its **best quarterly performance in four years** during Q3 FY24, with **customer receipts surpassing \$4.1M**. **Group revenue** reached **\$3.9M**, **\$1.7M** or **77% higher** than the same period last year (Q3 FY23: **\$2.2M**) and up **5%** from Q2 (**\$3.7M**). The last time receipts and revenue approached these levels was in **Q3 FY20**, when revenue was **\$4M**.

The Group's **"House of Brands" strategy** and **strategic acquisitions** have been driving revenue recovery, accelerating sales growth and creating synergies over the last 12 months. With **eight consecutive quarters** (two years) of **uninterrupted revenue growth**, the Company is now **strategically positioned to reach its performance milestones** as 2024 draws to a close.

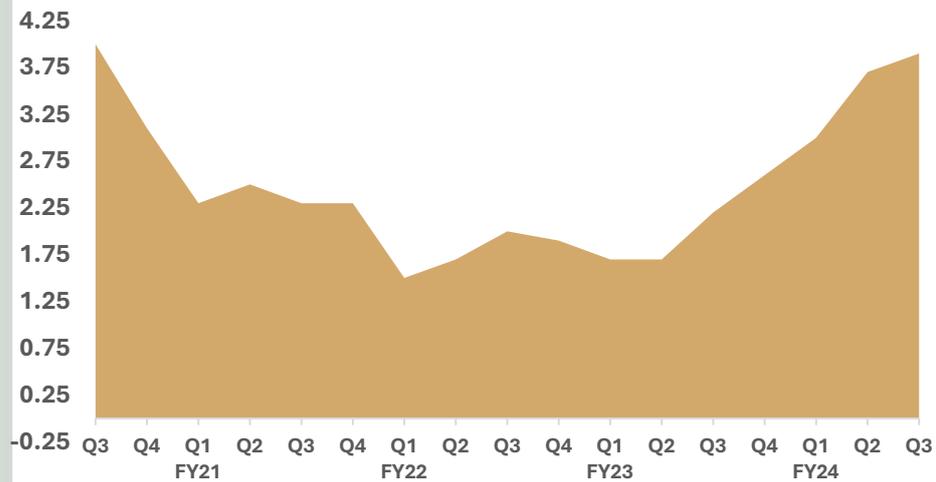
Australia powers ahead...

Elixinol's **Australian business** continues to gain momentum, achieving **sales of \$3.3M** in Q3. Revenue more than doubled from **\$1.6M** a year ago. On a **like-for-like basis** (including TSN and Ananda Food brands) **revenue climbed 27%** compared with Q3 FY23 (**\$2.6M**) and **3%** from Q2 (**\$3.2M**). **Grocery** was particularly strong, driven by **significant gains in Coles, Woolworths and Costco**.

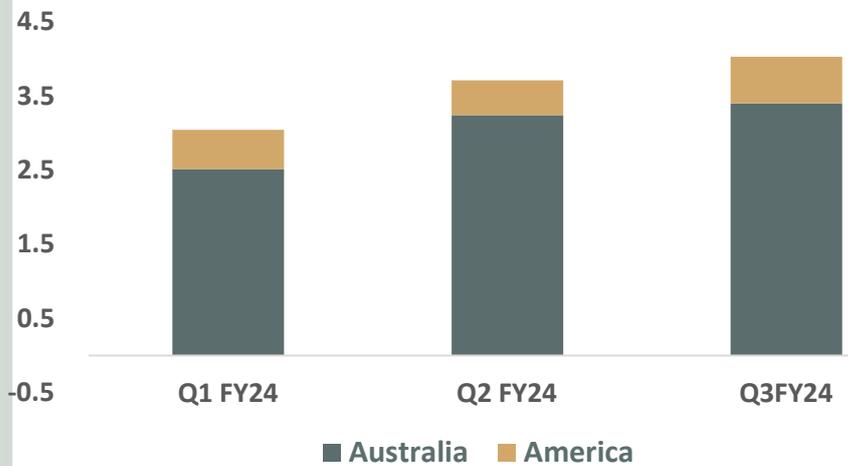
... with HFA leading the charge

Hemp Foods Australia (HFA) delivered another outstanding quarter, particularly in the **grocery channel**, which reported a **55% increase in Seed Mix sales** from Q2, supported by solid baseline demand and a **successful 50% promotional event**. This represents a **25% increase over the last comparable promotion**.

Group Revenue (\$M)



Revenue Breakdown (\$M)



Additionally, **two new Seed Mix SKUs (Energy Mix and Keto)** were introduced to **Coles** at the end of Q3, raising expectations for Q4 sales. **TGA-certified capsules** continue to perform well, with **two new SKUs** slated for launch in Q4. **eCommerce sales** have surged **19%** from Q2 and **87%** compared with Q3 FY23. The launch of our new website is set to accelerate growth further and enhance margins, while **strategic partnerships** with cooking shows **"Freshly Picked"** and **"Good Chef Bad Chef"** aim to **mainstream hemp** and drive future sales.



NEW SEED MIXS

... and Mt. Elephant steadily rising

Mt. Elephant sales surged **60% to \$411K in Q3** compared with \$257K in Q3 FY23, reflecting **growing traction in the grocery channel** and **consistently strong brand loyalty that outperforms the category average with our largest retail partner**. Although sales dipped slightly from Q2 levels due to temporary out-of-stock issues during the **transition to a manufacturing partner**, we expect volumes to recover as inventory levels stabilise and targeted promotional activities take effect. Deeper promotional activities through October and November should **capture price sensitive shoppers and attract new customers**, reinforcing the brand's momentum and sustained growth.

During Q3, **bulk ingredient sales held steady** at approximately \$1.1M, driven by strong retail partnerships that continue to anchor our strategic direction. **These key partnerships form the backbone of our long-term growth strategy, ensuring resilience and a solid foundation for expansion within this segment.**

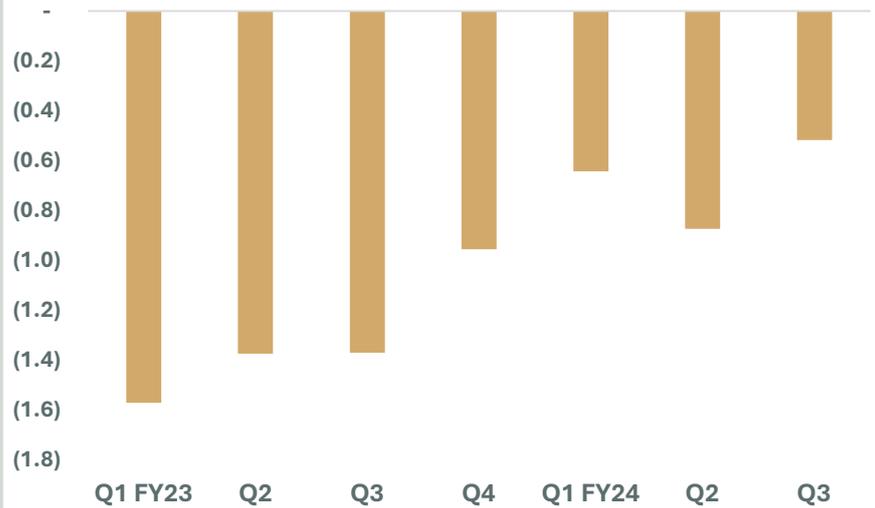
Elixinol USA

The U.S. business returned to growth in Q3, with sales of \$0.5M, marking a **13% increase** over Q2.

Online sales rose 23%, supported by strategic promotions aimed at driving further gains during the critical U.S. year-end sales period.

This strong positioning sets the stage for continued profitable growth in 2025. In Q3, **Elixinol USA contributed \$69K to Group EBITDA**, marking a **146% increase** from Q2's \$26K contribution.

Adjusted EBITDA (\$M)



**Adjusted to exclude non-cash impairments, share-based payments and non-recurring expenditure.*

Higher margins and enhanced cost efficiency

In Q3, **costs as a percentage of revenue (excluding marketing) fell**, driven by the Company's targeted cost-reduction initiatives and improved operational efficiency. **Gross margins across the Australian portfolio rose from an average of 32% in Q2 to 34%**, while the **Group margin increased by 3% to 39%**.

Cash used in 'product manufacturing and operating costs' decreased from **\$3.0M in Q2 to \$2.6M in Q3**, supported by a more efficient working capital model and strategic inventory investment. **Operating costs dropped from \$2.6M in Q2 to \$2.1M**, reflecting the elimination of significant non-recurring costs and **operational synergies** achieved through the centralisation of operations in Geelong. Spending was directed towards product development, brand building, and expanding retail distribution in Australia to drive future growth.

Excluding one-off costs, **Q3's operational cash burn was reduced to \$260K**, a **59% decrease** from Q2's normalised spend of \$637K, providing **four quarters of cash runway**. This disciplined cost control aligns with the Company's goal of achieving break-even EBITDA in Q4.

Chair, David Fenlon, commented:

"We are thrilled to report our strongest quarterly performance since 2020, with revenue surging 77% from a year ago. This achievement highlights the effectiveness of our growth strategy and disciplined cost management, paving the way to reach our sales and EBITDA milestones for FY24, and ultimately delivering sustainable growth for our shareholders."

Cash Balance

As of 30 September 2024, EXL had \$1.0M in available funding before the capital raise and after settling one-off restructuring expenses. Q3 included non-recurring costs and product recall expenses of \$0.4M, which impacted the cash burn rate. Excluding these one-off items, the cash burn rate was reduced to \$0.26M, providing four quarters of cash runway.

Throughout Q3, the Company continued to invest in inventory to support its H2 FY24 sales forecast. Additionally, EXL has access to financing, which provides early access to trade debtors and assists in funding inventory purchases.

Post Q3: Strategic acquisition and capital expansion (Placement and SPP)

Post quarter-end, the Company **signed a binding agreement to acquire The Healthy Chef**, a highly complementary premium lifestyle brand offering clean nutrition for women's health, inner beauty, and wellbeing. This acquisition is **expected to boost revenue, margins, and EBITDA, while unlocking new scaling and cost-optimisation opportunities across Australia and the U.S.**

Elixinol also raised A\$1.075M (before costs) through a single-tranche Placement to new and existing institutional and sophisticated investors. **The Placement was priced at A\$0.0045 per New Share ("Placement Price"), representing a 10.0% discount to the last close and 6.9% 10-day VWAP.**

For every three (3) New Shares subscribed for in the Placement, participants received one (1) free attaching listed option, issued under the same existing ASX-listed option EXLO ("Attaching Option"). The Attaching Options have an exercise price of A\$0.0075 and expire on 22 March 2027. The Attaching Options under the Placement are being issued under the Company's available placement capacity under ASX Listing Rule 7.1. Canaccord Genuity (Australia) Limited was the lead manager for the Capital Raising.

Proceeds from capital raised will be used to finance the acquisition of The Healthy Chef (scheduled to complete on 25 October 2024) and to drive near-term growth initiatives.

Share Purchase Plan (SPP)

The Company is also offering eligible shareholders in Australia and New Zealand (at the record date of 7pm on 2 October 2024) the opportunity to subscribe for approximately 111 million New Shares under a non-underwritten SPP, targeting an additional \$0.5 million.

The SPP is being offered on the same terms as the Placement including attaching options

Shareholder approval under ASX Listing Rule 7.1 is required for the issue of securities under the SPP. Allotment under the SPP (subject to shareholder approval) will occur after shareholder approval has been obtained. The notice of the general meeting at which shareholder approval was lodged with ASX on 21 October 2024 and will be despatched to shareholders as soon as reasonably practicable.

The New Shares and Attaching Options under the SPP will be offered pursuant to a prospectus issued in accordance Section 713 of the Corporations Act ("**Prospectus**"). Placement subscribers will also be eligible to apply for their Attaching Options under the Prospectus.

New shares issued under both the Placement and SPP will be fully paid and rank equally in all respects with existing shares from the date of the allotment.

The SPP Offer closes at 5pm AEDT on 25 October 2024

Record Date for eligibility to participate in SPP	Wednesday 2 October 2024 (7 pm)
Announcement Date	Thursday 3 October 2024
Despatch of Prospectus/Opening Date	Thursday 10 October 2024
Closing of SPP Offer	Friday 25 October 2024 (5 pm)
Announcement of results of SPP Offer	Tuesday 29 October 2024
Issue of New Shares and New Options under SPP Offer	Thursday 21 November 2024
Despatch of Holding Statements for New Shares and New Options issues under SPP Offer	Friday 22 November 2024

**Dates/times are indicative and subject to change. All times / dates are in reference to Sydney time.*

Related Party Statement

In accordance with Listing Rule 4.7C.3, payments of \$144K were made to related parties during Q3, comprising fees to Non-Executive Directors and payments to Executive Director Natalie Butler. EXL's Non-Executive Directors continue to take on additional responsibilities as the Company completes restructuring related to the integration of Ananda Foods and finalises the acquisition of The Healthy Chef expected on 25 October 2024, ahead of recruiting a new CEO.

For further information and insights, please click on the link below.

<https://investorhub.elixinolwellness.com/link/LPZjYP>

Authorised for release by the EXL Board of the Company.

David Fenlon, Non-executive Chair
dave.fenlon@elixinolwellness.com

Pauline Gately, Non-executive Director
pauline.gately@elixinolwellness.com

Note: 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 Report may include certain statements, estimates, or projections with respect to the anticipated future performance of the Group, and any ongoing or future projects. These 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. No representation is made as to the accuracy of those statements, estimates or projections.

About Elixinol Wellness

Elixinol Wellness Limited (ASX: EXL) is a leader 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. These products are sold under brands including Hemp Foods Australia, Mt Elephant, Ananda Food, Soul Foods and Field Day and are sold through grocery, wholesale, and e-commerce channels. The Australian Superfood Co also supplies Australian natives and superfood ingredients to white label customers as well as food, beverage, and beauty manufacturers.

Elixinol USA sells high quality Elixinol branded hemp and other plant-derived nutraceutical and skincare products.

See more at 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")

30 September 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	4,135	10,781
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(2,616)	(7,405)
(c) advertising and marketing	(284)	(727)
(d) leased assets	73	309
(e) staff costs	(929)	(2,780)
(f) administration and corporate costs	(654)	(2,038)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	27
1.5 Interest and other costs of finance paid	(50)	(116)
1.6 Income taxes paid/(received)	-	(3)
1.7 Government grants and tax incentives	61	61
1.8 Other – non recurring	(414)	(864)
1.9 Net cash from / (used in) operating activities	(674)	(2,819)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(g) entities	-	-
(h) businesses	-	(2,000)
(i) property, plant and equipment	(14)	(59)
(j) investments	-	-
(k) intellectual property	-	-
(l) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	2,265
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Cash acquired on equity settled business combination	-	200
2.6	Net cash from / (used in) investing activities	(14)	408

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,164
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	-	(395)
3.5	Proceeds from borrowings	383	679
3.6	Repayment of borrowings	(272)	(740)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other	-	-
3.10	Net cash from / (used in) financing activities	111	2,708

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,577	708
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(674)	(2,819)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(14)	408
4.4	Net cash from / (used in) financing activities (item 3.10 above)	111	2,708
4.5	Effect of movement in exchange rates on cash held	21	13
4.6	Cash and cash equivalents at end of period	1,021	1,021

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,021	1,577
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,021	1,577

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	144
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>		

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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)	1,005	1,000
7.4 Total financing facilities		-
7.5 Unused financing facilities available at quarter end		5
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>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 of 30 September 2024, \$722,000 was drawdown against the Trade Debtor facility and \$299,011 against the Trade finance facility and the total amount available to drawdown was \$1,005,000. The interest rate of these facilities is 10.74% for any drawn-down facility and this is secured against the assets of the Group's subsidiary, Elixinol Wellness (Byron Bay) Pty Ltd. The term of this facility is for a minimum of two years from 20 December 2023.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(673)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,021
8.3 Unused finance facilities available at quarter end (item 7.5)	5
8.4 Total available funding (item 8.2 + item 8.3)	1,026
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.5
<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>The Company expects net operating cash outflow to continue to decrease moving forward. This is due to a non-recurring cash outflows in the quarter and approximately \$400K in transition costs from restructuring of the cost base following synergies from the Ananda Foods acquisition. Additionally, product recall costs of \$125K were incurred during the quarter, with an expected recovery of these costs from a third-party claim in Q4. Enhanced revenue growth, highlighted by the Company's Australian sales record in September 2024, is expected to further reduce normalised net operating cash outflows.</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?

Post quarter-end, the Company successfully raised \$1.075M (before costs) through a single-tranche capital placement to institutional and sophisticated investors and launched a Share Purchase Plan aimed at securing an additional \$500K in capital. The Company also has up to \$1.8M available through a Trade Debtor Finance and Trade Finance facility to support future working capital requirements. Increased sales and operational synergies from the Ananda Food integration and the recently announced acquisition of Healthy Chef are expected to reduce cash outflows going forward.

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?

The company anticipates continuing operations and achieving its business objectives. It plans to secure funding through existing and new facilities to support these goals. Additionally, it expects to reduce net cash outflows by leveraging current and new revenue initiatives and realising scale and operational synergies following recent business acquisitions and organisational restructuring.

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: 22 October 2024

Authorised by: 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.