**Elixinol Wellness Limited**
**Appendix 4E**
**Preliminary final report**

## 1. Company details

| | |
|---|---|
| Name of entity: | Elixinol Wellness Limited |
| ABN: | 34 621 479 794 |
| Reporting period: | For the year ended 31 December 2024 |
| Previous period: | For the year ended 31 December 2023 |

## 2. Results for announcement to the market

The directors present this Appendix 4E on the consolidated entity (referred to as the 'Group') consisting of Elixinol Wellness Limited (referred to as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2024.

| | | | | $'000 |
|---|---|---|---|---|
| Revenues from ordinary activities | up | 80.9% | to | 14,956 |
| Loss from ordinary activities after tax attributable to the owners of Elixinol Wellness Limited | down | 77.1% | to | (1,722) |
| Loss for the year attributable to the owners of Elixinol Wellness Limited | down | 77.1% | to | (1,722) |

| | 2024 Cents | 2023 Cents |
|---|---|---|
| Basic loss per share | (1.11) | (12.68) |
| Diluted loss per share | (1.11) | (12.68) |

*Dividends*
There were no dividends paid, recommended or declared during the current financial period.

*Comments*
The loss for the Group after providing for income tax amounted to $1,722,000 (31 December 2023: $7,507,000).

## 3. Net tangible assets

| | 2024 Cents | 2023 Cents |
|---|---|---|
| Net tangible assets per ordinary security | 1.75 | 5.62 |

Calculated as follows:

| | 2024 $'000 | Group 2023 $'000 |
|---|---|---|
| Net assets | 10,026 | 6,462 |
| Less: Right-of-use assets | (265) | (282) |
| Less: Intangibles | (6,177) | (2,297) |
| Add: Lease liabilities | 273 | 559 |
| Net tangible assets | 3,857 | 4,442 |
| Total shares issued (no.)* | 220,820,137 | 79,092,313 |

* Total shares issued for 2023 have been restated to account for the 1:8 share consolidation that occurred in the current year.

## 4. Control gained over entities

| | |
|---|---|
| Name of entities (or group of entities) | Ananda Food Pty Ltd |
| Date control gained | 28 March 2024 |

| | $'000 |
|---|---|
| Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material) | (275) |
| Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material) | - |

## 5. Loss of control over entities

Not applicable.

## 6. Dividends

*Current period*
There were no dividends paid, recommended or declared during the current financial period.

*Previous period*
There were no dividends paid, recommended or declared during the previous financial period.

## 7. Dividend reinvestment plans

Not applicable.

## 8. Details of associates and joint venture entities

| | Reporting entity's percentage holding | | Contribution to profit/(loss) (where material) | |
|---|---|---|---|---|
| Name of associate / joint venture | Reporting period % | Previous period % | Reporting period $'000 | Previous period $'000 |
| Altmed Pets LLC ('Pet Releaf') | - | 25.43% | - | 293 |
| *Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)* | | | | |
| Profit/(loss) from ordinary activities before income tax | | | - | 293 |

## 9. Foreign entities

*Details of origin of accounting standards used in compiling the report:*

Not applicable.

### 10. Audit qualification or review

*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to an audit by the auditors and the audit report is attached as part of the Annual Report. The audit report contains a paragraph that draws attention to the use of the going concern basis for the preparation of the financial statements.

### 11. Attachments

*Details of attachments (if any):*

The Annual Report of Elixinol Wellness Limited for the year ended 31 December 2024 is attached.

### 12. Signed

Authorised for release by the Board of Directors

28 February 2025

# Elixinol Wellness Limited

**ABN 34 621 479 794**

## Annual Report - 31 December 2024

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The Directors of Elixinol Wellness Limited ('**Elixinol Wellness**' or the '**Company**') present this report, together with the financial statements of the Company and its controlled entities ('**Consolidated Entity**' or '**Group**') for the year ended 31 December 2024 ('**FY24**').

## Directors

The Directors of the Company in office during the financial year and up to the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

| | |
|---|---|
| David Fenlon | Independent Non-Executive Chair |
| Pauline Gately | Non-Executive Director |
| Natalie Butler | Executive Director (appointed 28 March 2024) |
| Ronald Dufficy | Managing Director and Group Chief Executive Officer (resigned 28 March 2024) |

## Principal activities

The principal activities of the Company during the year relate to its operation as a holding company for each of, Elixinol Wellness (Byron Bay) Pty Ltd, The Sustainable Nutrition Group Pty Ltd, The Sustainable Nutrition Group (Australia) Pty Ltd, and Ananda Food Pty Ltd (together 'Australia'), Elixinol LLC ('Elixinol Americas'), as well as Elixinol BV and Elixinol Limited (together 'Rest of World').

The principal activities of the Group are:

*Australia*

Elixinol's Australian operations encompass a vertically integrated business that produces, manufactures, and distributes a range of highly complementary products for health-conscious consumers across four verticals – human nutrition, human wellness, pet wellness and superfood ingredients. These products are sold under brands including Hemp Foods Australia, Mt Elephant, The Healthy Chef (newly acquired), Soul Foods, Ananda Equine, and Field Day, and are distributed through grocery, wholesale, and e-commerce channels. The Australian Superfood Co also supplies Australian native ingredients to white label customers as well as food, beverage, and beauty manufacturers while Australian Primary Hemp delivers quality hemp ingredients across white label customers and other manufacturers.

*Elixinol Americas*

Established in 2014, Elixinol Americas is based in the United States and specialises in marketing and distributing products made from premium quality, predominantly 'whole plant' full spectrum CBD. During FY24, the Company operated exclusively as an e-commerce business.

*Rest of World*

Established in 2018, Rest of World comprises Elixinol Europe specialising in the development, sourcing, marketing and distribution of hemp-derived CBD products, including skincare. Having moved to a licensing business model several years ago, this segment now makes a limited contribution to Elixinol's revenue.

## Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

## Operating and financial review

FY24 was a transformative year and resilience for Elixinol Wellness, delivering significant revenue growth driven by acquisitions (The Healthy Chef and Ananda Food) and organic growth (Hemp Foods Australia).

Although the Australian retail sector faced sustained headwinds during 2024, including persistent cost-of-living pressures, cautious consumer spending, and nine consecutive quarters of declining per capita retail sales volumes, Elixinol maintained its focus of growth and strategic innovation. With retailers tightening ranges, particularly in premium categories, the Company's strategic initiatives and diversified brand portfolio enabled it to deliver exceptional growth, demonstrating the strength of our strategy and operational execution:

- FY24 revenue hit $15.0 million, up $8.3 million on FY23, with proforma revenue of $17.7 million (i.e. including Ananda Food and The Healthy Chef acquisitions on a full-year basis), reflecting strong acquisitions and the Company's impressive portfolio expansion.
- Australian sales displayed a robust performance throughout FY24 doubling year-on-year to $12.8 million in FY24 and $3.8 million in the final quarter, fuelled by grocery expansion, high-impact promotions, and e-commerce success.
- The Healthy Chef added $668,000 to FY24 Q4 revenue, accelerating the Group's D2C strategy, while distributor revenue rose 59% year-on-year, reinforcing our multi-channel approach.
- Bulk Ingredients revenue soared 210% YoY, capitalising on B2B growth and product diversification.

***Margin expansion and profitability***

Gross margins in FY24 were impacted by a shift in channel mix, decreasing by 3 percentage points from an average of 41% in FY23 to 38% in FY24. This was primarily due to the significant expansion of the Australian business into the B2B channel, which grew by 123% in FY24. Although margins in the B2B segment are typically lower than those in the eCommerce direct-to-consumer segment, the Group managed to improve margins throughout the year despite supply chain cost pressures throughout the year. By Q4, gross margins rose to 40% (up from an average of 38%), with Australian margins showing a notable improvement to 37%. While the business faced challenges early on in FY24, it successfully navigated those pressures and saw margin recovery as the year progressed. The shift in channel mix, while initially margin-dilutive, has contributed positively to growth, and the company's focus to control costs and improve efficiency in the latter part of the year were effective.

Healthy Chef and Elixinol USA delivered positive earnings before interest, tax, depreciation and amortisation (‘EBITDA’), and the Group approached EBITDA break-even by year-end, reinforcing our disciplined financial management.

***Impressive growth amid transformation***

Group revenue from continuing operations reached $15.0 million during FY24, up 80% on FY23 revenue of $8.3 million.

Robust revenue growth during the period was underpinned by contributions from the Company’s acquisitions (Ananda Food Pty Ltd in March 2024 and The Healthy Chef business in October) as well as organic growth in its expanded brand portfolio and flagship Hemp Foods Australia brand. The Company’s expanded market reach and enhanced product offerings in key growth segments are expected to bolster further revenue gains in FY25.

***Loss Reduction Driven by Efficiency***

Although the Group reported losses in FY24, the net loss after tax decreased to $1.7 million compared to the previous year (FY23: $7.5 million).

***EBITDA closing in on break-even***

EBITDA from continuing operations including share of associates’ net loss and excluding impairment and share-based payments for the period ended 31 December 2024 is detailed below. EBITDA and Adjusted EBITDA are not prescribed by Australian Accounting Standards ('AAS') and represent the Group’s statutory result under AAS, adjusted for certain items, Elixinol directors view these metrics as a reliable indicator of the Group’s core earnings.

Notably, Adjusted EBITDA loss from continuing operations, excluding non-recuring items and other adjustments, improved significantly by 41% to $2.8 million, compared with a loss of $4.6 million in FY23. This improvement reflects the positive impact of the Group’s cost optimisation and efficiency initiatives, management’s focus on core business operations, economies of scale (especially for a reduction in overhead corporate expenses of 27% (from $2.3m FY23 to $1.7m)), and a disciplined approach to cost management.

A reconciliation of Adjusted EBITDA from continuing operations to statutory loss is detailed below:

| | | Group |
|---|---|---|
| | **2024** | **2023** |
| | **$'000** | **$'000** |
| Loss after income tax | (1,722) | (7,507) |
| *Add back/(deduct):* | | |
| Income tax (benefit)/expense | (3,589) | 3 |
| Finance costs | 212 | 101 |
| Interest income | (30) | (213) |
| Depreciation and amortisation | 1,042 | 597 |
| EBITDA | (4,087) | (7,019) |
| *Add back/(deduct):* | | |
| Impairment of other assets | 371 | 1,718 |
| Share-based payments | 46 | 675 |
| One-off transactions | 914 | - |
| Adjusted EBITDA | (2,756) | (4,626) |

***Cash Flow and Financial Position***

While the Group utilised $3.5 million of operating cash during the year up by $0.7 million in FY23, this included $0.9 million of non-recurring costs that supported the two acquisitions during the year, one-off product recall costs and acquisition integration costs. Normalised cash burn (excluding one-off expenses) reduced throughout the year with operating cash burn reduced to $196,000 in the final quarter in FY24, a 25% reduction from the prior quarter.

***Impairment and Strategic Adjustments***

Recognition of a non-cash impairment amounting to $371,000 also represents a significant reduction from $1,718,000 in FY23. This reduced impairment, primarily related to the prior year impairment of the investment held for sale in Altmed Pets of $1,326,000, right-of-use asset of $238,000 offset by $211,000 increase in inventory provision.

***One-off transactions***

Included transaction and restructuring costs of $717,000 and product recall costs of $197,000.

***Segment results***

*Australia*

Elixinol's Australian business comprises Elixinol Wellness (Byron Bay) Pty Ltd, The Sustainable Nutrition Group Pty Ltd, The Sustainable Nutrition Group (Australia) Pty Ltd and Ananda Food Pty Ltd (from 28 March 2024).

Record Australian revenue of $12.9 million during FY24 represents a 130% increase on FY23 sales of $5.6 million. Elixinol's acquisitions over the last 18 months -The Sustainable Nutrition Group Ltd (TSN), Ananda Food Pty Ltd (AF) and The Healthy Chef made significant contributions to sales performance during the year.

*Americas*

The Americas segment comprised the trading results of Elixinol LLC. Elixinol Americas reported revenue of $2.1million during the period, representing a 22% decline from FY23 of $2.6 million. However, Elixinol USA's transition to an e-commerce business model significantly reduced costs resulting in a positive contribution $80,000 to EBITDA, a significant improvement from an adjusted EBITDA loss of $1,365,000 in FY23.

***Share of associates' loss***

Share of associates loss during the year ended 31 December 2024 was $nil (31 December 2023: $nil). The investment sale was finalised on 13 May 2024.

***Review of financial position***

As at 31 December 2024, Group net assets were $10.0 million, including $1.1 million in cash and cash equivalents culminating in a total comprehensive loss of $1.7 million.

The Directors consider that the Group will continue as a going concern, as explained in note 2 to the financial statements.

**Business strategies and future prospects**

The Group's business strategy encompasses building a Sustainable Nutrition Company that creates clean and healthy products and ingredients. We deliver this through a diverse portfolio for health-conscious consumers.

***Key strategic objectives for FY25***

While FY24 closed on a strong note, early FY25 is expected be a period of recalibration as the Group focuses on further solidifying its foundation for sustained long-term growth.

Since April 2024, our top priority has been resetting strong operation foundations:

- Strengthening processes and procedures to ensure seamless operations.
- Merging facilities post-Ananda acquisition for efficiency and scale.
- Building a robust product pipeline, with 30+ products in development set to be ready for launch in H2 FY25.
- Developing pivotal retail opportunities that will drive significant momentum later in the year.

As a result, Q1 FY25 is expected to be a flat quarter, as with a focus on quality, operational excellence, and margin improvements to create a solid platform for exponential growth in the second half of the year.

With retail recovery expected mid-2025, Elixinol Wellness' priorities include:

- Product Innovation & Channel Diversification – Expanding into ready-to-eat health and supplement categories, while scaling the Healthy Chef's business to improve margins and reduce reliance on grocery.
- Operational and Cost Efficiencies – Maximising synergies from acquisitions, improving supply chain efficiency, and enhancing profitability.
- Reinvigorating the USA Market – Deploying targeted marketing strategies to reignite sales in topicals and hemp-based health.
- Strengthening Hemp Leadership – Investing in supply-chain partnerships that will supercharge growth.

We are now in the calm before the storm of growth. With strong fundamentals, strategic focus, and disciplined execution, Elixinol Wellness is poised to deliver exceptional results in 2025.

***Principal risks and uncertainties***

Below are the material business risks that could impact the Group's ability to achieve its strategic objectives and affect its operations, along with key measures implemented to mitigate these risks. The risks are listed in no particular order and exclude general risks that could significantly affect most businesses under normal operating conditions. These risks are continuously managed as part of our ongoing risk management framework.

*Agricultural risk and climate change risk*

The Group is exposed to agricultural risk due to its reliance on agricultural products, making it vulnerable to the inherent risks of the agriculture industry. These risks include pests, plant diseases, storms, fires, frost, floods, water availability and salinity, bird damage, and force majeure events. Such risks could affect financial performance by increasing costs (due to low yields or higher prices from reduced supply) or by limiting the availability of products needed to meet customer demand.

*Supplier arrangements*

The Group has arrangements with a number of key suppliers. To the extent that Group entities cannot secure and retain key suppliers, their respective ability to maintain consistent production levels may be compromised, which in turn may have an adverse impact on the financial performance and position of Elixinol Wellness.

*Risk of adverse events, product liability or other safety issues*

As with all food or nutraceutical products, there is a risk that the products sold by Elixinol Wellness could cause serious or unexpected side effects, including risk or injury to consumers. Should any of Elixinol Wellness' products be associated with safety risks such as misuse or abuse, inadvertent mislabelling, tampering by unauthorised third parties, or product contamination or spoilage, several materially adverse outcomes could occur, including:

- Regulatory authorities may revoke any approvals that have been granted, impose more onerous facility standards or product labelling requirements, or conduct a product recall;
- The Group could be subject to regulatory action or be sued and held liable for any harm caused to customers; or
- The Group's brands and reputation could be damaged.

These may all impact the financial performance of the Group.

*Systems, security and data privacy*

While the Group has policies and procedures in place to address system security and data risks, there is a risk that these may not be adequate, which could adversely affect the Group's reputation and financial position. There is also a risk that systems are not scalable or have the ability to leverage the synergies of the different businesses across the Group. This may lead to a financial impact and loss in revenue and profitability.

*Key management personnel and employees*

The Group relies upon its ability to attract and retain experienced and high performing executives and other employees. The failure to achieve this may impact upon the Group's ability to develop and meet its strategies, and may lead to a loss in revenue and profitability.

*Change to laws or regulations*

The Group’s operations are highly regulated and could be adversely affected by changes in laws, regulations or regulatory policy in the jurisdictions in which it operates. The operations and proposed operations of the Group are subject to a variety of laws, regulations and guidelines related to the retail sale of hemp-derived products. The hemp-derived CBD industry is evolving globally, including in the USA, the United Kingdom and Japan. It is likely that governments worldwide will continue to explore the benefits, risks and operations of companies involved in the hemp sector. The Group’s business, prospects, reputation, performance and financial condition could all be affected by changes to law and regulation, changes to policies, and changes in the supervisory activities and expectations of its regulators across all of the jurisdictions in which it operates. In particular, the regulation of hemp is developing and, as a result, a change in government or increase in political lobbying may result in a change in government policy and an amendment of legislation and/or regulation. For example, there is a risk that the allowable levels of THC in hemp products sold in the US may change. This could potentially result in additional processing costs and impact the overall financial performance of the Group.

There is a further risk that the US Food and Drug Administration ('FDA'), the regulator which regulates ingestible and topical products including CBD products, may seek to change the laws and regulations governing the manufacturing and marketing of CBD products in the US. This could include current ‘good manufacturing practice’ regulation, nutrition and allergen labelling, and label claim regulations and safety requirements including, as applicable, ‘new dietary ingredient’ and ‘generally recognised as safe’ regulations.

In the US, given that many of the applicable laws and regulations are determined at the State level, there is also a risk that the regulatory regime governing the Group’s US operations and distribution network becomes further fragmented and difficult to comply with. The introduction of new legislation or amendments to existing legislation by governments, or the respective interpretation of the legal requirements, in any of the legal jurisdictions which governs the operations or contractual obligations of the Group, could impact adversely on the assets, operations, and the financial performance of the Group and the industry in general. Regulatory compliance and the management of regulatory change are an important part of the Group’s planning processes.

The Group intends to continue to invest in compliance and the management and implementation of regulatory change and, at the same time, significant management attention and resources will be required to update existing or implement new processes to comply with new regulations (such as obligations to provide certain data and information to regulators) or new interpretations of existing laws or regulations. Failure to appropriately manage and implement regulatory change, including failing to implement effective processes to comply with new regulations, could in the future result in Elixinol Wellness failing to meet a compliance obligation, and this could in turn lead to a financial impact and loss in revenue and profitability.

*Loss of key relationships*

The hemp-derived industry has undergoing rapid growth and change, which has resulted in increasing consolidation and formation of strategic relationships. It is expected that this consolidation and strategic partnering will continue. Acquisitions or other consolidating transactions could harm the Group in a number of ways. The Group may lose strategic relationships if third parties with whom the Group has arrangements with are acquired by or enter into relationships with a competitor (which could cause the Group to lose access to necessary resources). The Group’s current competitors could become stronger, or new competitors could form from consolidations. This could cause the Group to lose access to markets or expend greater resources in order to stay competitive. Separately, the relationship between the Group and third parties may deteriorate organically, which may have an adverse impact on the business of the Group.

*Production risk*

The ability for Group entities to cultivate and produce products is dependent on a number of key inputs and their related costs. These key inputs include raw materials, electricity, water, other utilities and skilled labour. Any significant interruption or negative change in the availability or cost of these inputs could materially impact the production of the business and subsequently, the operating results of the Group. In particular, given the nature of the raw materials used by each of the Group entities, supply may be limited to a single or limited number of suppliers, with access to these raw materials more competitive than conventional ingredients. As a result, there is an enhanced risk of difficulties in securing the required supplies, or to do so on appropriate terms.

*Reputational risk*

There is a risk that incidents beyond the control of the Group entities could occur which would have the effect of reducing patient, medical/scientific or regulatory confidence, or preferences for cannabis or medicinal cannabis products generally. This reputational risk could result from incidents involving members of the Group or other non-related industry participants.

*Protection of intellectual property*

The Group’s success will depend on, in part, its ability to protect its intellectual property, including its trade marks, copyright, trade secrets and know-how. To the extent the Group fails to protect its intellectual property or infringes a third party’s intellectual property, the Group may face increased competition from similar products, have to cease using certain intellectual property or be liable for damages. In the event that this occurs, there is a risk that it has a materially adverse impact on the Group’s operations, financial performance and future prospects.

*Competition risk*

The industries in which the current Group entities are involved is subject to domestic and international competition. While the entities will undertake all reasonable due diligence in their business decisions and operations, they will have no influence or control over the activities or actions of their competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Group. Some of the Group’s competitors and potential competitors may have significantly more financial resources and marketing experience than EXL which may lead to reduced margins and loss of revenue or loss of market share for the Group. Further, Group revenues in the future may be reduced as the industry consolidates and seeks revenue accretion at the expense of profit margin.

*Uncontracted sales*

A material proportion of the Group’s revenue is derived from uncontracted customer relationships, with sales made under standard terms and conditions. There is a risk that these customer relationships may not be able to be maintained, or new relationships may not be formed, on terms acceptable to the Group. Additionally, given the uncontracted nature of these relationships, it is not possible to guarantee consistency of sales volumes, price or terms going forward. The Group’s financial performance could be materially and adversely impacted by wholesale customers:

- Materially changing their trading terms;
- Promoting the products of one or more of the Group’s competitors; or
- Refusing to promote or stock the Group’s products or significantly reducing orders for its products.

*Contracts and agreements*

There are a number of risks associated with the Group’s existing contracts and agreements, including those related to previous supply arrangements and property leases. There is a risk that the Group’s existing contracts may be terminated, lost or impaired, or renewed on less favourable terms. Some of the Group’s contracts can be terminated without cause or on short notice periods (depending on events and circumstances), and although the relevant parties may continue to operate on existing commercial terms, a number of its existing contracts have expired or will shortly expire. A loss of any of the Group’s contracts could have an adverse effect on its business, operating and financial performance. Similarly, there is a risk that the Group may not meet its existing obligations under current contracts and agreements. Should this be the case, the Group may be liable (to varying extents) under indemnity provisions in a number of contract and agreements. Any failure to meet these obligations could adversely impact the financial position of the Group.

*Counterparty risks*

The Group has entered, and may enter, into several commercial agreements and arrangements (including licences) with third parties that are, or could be, material to the financial performance and prospects of its business. There is a risk that counterparties may not execute such agreements or, in respect of agreements that have been executed or are executed in the future, the counterparty may fail to meet their obligations under those agreements and arrangements. Negative commercial consequences will, or are likely to, result from the non-execution of such an agreement or any non-observance of obligations under such agreements. These consequences may include preventing the relevant Group entity from executing a part, or parts, of its business plan. This in turn may result in an adverse effect on the Group’s proposed activities and operations, financial performance and prospects.

**Significant changes in the state of affairs**

During FY24, the Company was proactive in driving growth through its strategic acquisition of Ananda Food and capital initiatives to divest its non-core investment in Pet Releaf. On 12 February 2024, Elixinol Wellness entered into a Share Purchase Agreement with Ecofibre Limited (ASX: EOF) to acquire wholly owned subsidiary Ananda Food Pty Ltd. The acquisition cements Elixinol‘s position as a leader in Australia’s hemp industry.

To fund this strategic acquisition, Elixinol launched a fully underwritten non-renounceable rights issue to raise $3.16 million to complete the Ananda Food acquisition, enhance the Company’s marketing efforts, and support expanded operations.

On 20 February 2024, Elixinol also entered into a binding purchase agreement to divest its minority interest in Altmed Pets, LLC. This transaction generated approximately $2.3 million in cash, which has been reinvested to accelerate growth opportunities. This sale completed on 15 May 2024.

On 28 March 2024, Ron Dufficy stepped down from the role of Group CEO and Natalie Butler was appointed to the Elixinol Board.

On 1 July 2024, the Company announced the appointment of Ms Melanie Leydin and Mr Tai Phan of Vistra (Australia) Pty Ltd as Joint Company Secretaries. Subsequently, on 25 October 2024, Mr Thai Phan resigned as Joint Company Secretary leaving Ms Melanie Leydin to continue as sole Company Secretary.

Ms Sarah Prince and Ms Josephine Lorenz resigned as Joint Company Secretaries, effective 1 July 2024.

On 3 October 2024, the Company announced it has signed a binding Business Sale Agreement to acquire The Healthy Chef acquisition, premium lifestyle brand offering clean nutrition for women’s health, inner beauty, and wellbeing. The acquisition was completed on 25 October 2024. The acquisition added a comprehensive branded business that will enhance revenue, margins, and EBITDA. It complements Elixinol’s current business and brand portfolio, providing synergies for scaling and cost optimisation in both Australia and the USA. To fund this strategic acquisition, Elixinol secured commitments for a capital raise of $1.1 million institutional placement and launched a Share Purchase Plan ('SPP') that raised on additional $0.5 million. The SPP was completed on 30 October 2024 and raised approximately $420,000. These funds were be used to complete the Acquisition and support EXL with additional marketing investment and working capital to drive near term growth initiatives.

On 9 December 2024, the Company undertook a share consolidation in the ratio of eight shares to convert to one ordinary share.

There were no other significant changes in the state of affairs of the Group during the financial year.

### Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

### Likely developments and expected results of operations
Elixinol Wellness remains positive on the long term market opportunity for hemp-derived and plant-based food products and its ability to leverage its strong reputation for high quality products. Refer to the Financial and Operating Review for likely developments and expected results of operations.

Also refer to 'Business strategies and future prospects' section above.

### Environmental regulation
The Group is not subject to any significant environmental regulation under Australian Commonwealth or State/Territory laws.

### Information on Directors

| | |
|---|---|
| Name: | **David Fenlon** |
| Title: | Independent Non-Executive Chair (effective 30 September 2023<br>Independent Non-Executive Director (March 2022 to 29 September 2023) |
| Qualifications: | B.Bus |
| Experience and expertise: | David Fenlon has over 30 years of world-wide experience in the FMCG and consumer sectors. David was previously CEO of The Platform Alliance Group, and Group CEO and Managing Director of BWX Limited (ASX: BWX). He was also previously Non-Executive Chair of Nutritional Growth Solutions (ASX: NGS). Prior to this, he was Managing Director for Australia and New Zealand at Blackmores Limited (ASX: BKL). David has worked with leading retail brands both in Australia and offshore, with a strong focus on strategic planning and business transformation including in key positions with Tesco throughout Europe and Safeway in the UK. David was a member of the Board of Directors for the Special Olympics from May 2017 until June 2019. |
| Other current directorships: | None |
| Former directorships (last 3 years): | Nutritional Growth Solutions (ASX: NGS) and BWX Ltd (ASX: BWX) |
| Special responsibilities: | Chair of Remuneration and Nomination Committee and Member of Audit and Risk Committee |
| Interests in shares: | 1,563,381 |
| Interests in options: | 156,250 |
| Interests in rights: | 58,219 performance rights |

| | |
|---|---|
| Name: | **Pauline Gately** |
| Title: | Non-Executive Director (appointed 17 August 2023) |
| Qualifications: | Graduate and Member of the Australian Institute of Company Directors (GAICD), BA Hons Economics and Graduate Diploma in Law and Financial Study: Accounting |
| Experience and expertise: | After leading the merger process of The Sustainable Nutrition Group Ltd, Pauline was appointed a Non-Executive Director of Elixinol Wellness. She is currently Non-executive Chair of Kalgoorlie Gold Mining Ltd (ASX: KAL) and a Non-Executive Director of Pioneer Credit Ltd (ASX:PNC) Pauline is an experienced director who brings a sharp commercial focus to strategy with demonstrated success in funding, business development, and strategic transformation having led companies through IPO, business recalibration and mergers and acquisitions. Her Board contributions are also underpinned by senior roles in international investment banking across the Asia Pacific region. |
| Other current directorships: | Kalgoorlie Gold Mining Ltd (ASX:KAL) and Pioneer Credit Ltd (ASX: PNC) |
| Former directorships (last 3 years): | Ardiden Ltd (ASX: ADV) |
| Special responsibilities: | Chair of Audit and Risk Committee and Member of Remuneration and Nomination Committee |
| Interests in shares: | 2,296,671 |
| Interests in options: | None |
| Interests in rights: | None |

| | |
|---|---|
| Name: | **Natalie Butler** |
| Title: | Executive Director (appointed 28 March 2024)<br>Head of Marketing (appointed 28 March 2024) |
| Qualifications: | B.Bus |
| Experience and expertise: | Bringing over a decade of strategic marketing leadership to the table, Natalie boasts a proven history of catalysing growth and innovation on both local and global brands. Having worked closely with the Sustainable Nutrition Group marketing and product teams over the past year, she is uniquely positioned to spearhead future growth opportunities for the Group. As General Manager of Tom Organic, Natalie was instrumental in steering the company to success and also direct major global initiatives with renowned brands within the L'Oréal Group. Her journey underscores her ability to foster connections, drive results and fearlessly embrace diverse challenges in dynamic environments. |
| Other current directorships: | None |
| Former directorships (last 3 years): | None |
| Special responsibilities: | None |
| Interests in shares: | 144,329 |
| Interests in options: | None |
| Interests in rights: | 72,833 performance rights |

'Other current directorships' quoted above are current directorships for listed entities only and exclude directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and exclude directorships of all other types of entities, unless otherwise stated.

## Executives

*Group Chief Financial Officer*

| | |
|---|---|
| Name: | **Josephine Lorenz** |
| Title: | Group Chief Financial Officer<br>Joint Company Secretary (effective 23 May 2023) |
| Qualifications: | BCom, Chartered Accountants Australia and New Zealand – Fellow |
| Experience and expertise: | Josephine has over 20 years' global finance experience, having held senior finance positions in various sectors including the role of Group Financial Controller for Network Ten and Nine Entertainment Co. (ASX: NEC). She was also formerly the Head of Finance at Independent Television News Limited in London and has held various roles at Deloitte in both London and Melbourne, Australia. Josephine joined Elixinol Wellness in November 2017. |

### Company secretary

| | |
|---|---|
| Name: | **Melanie Leydin** |
| Title: | Company Secretary (appointed 1 July 2024) |
| Qualifications: | B.Bus (Acc. Corp Law), CA, FGIA |
| Experience and expertise: | Ms Leydin has over 27 years' experience in the accounting profession and over 15 years' experience as a Company Secretary for ASX listed companies. Ms Leydin is a Chartered Accountant and a Registered Company Auditor. Her experience in public company responsibilities includes ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of companies and shareholder relations. |

### Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 December 2024, and the number of meetings attended by each Director were:

| | Full Board | | Remuneration and Nomination Committee | | Audit and Risk Committee | |
|---|---|---|---|---|---|---|
| | Attended | Held | Attended | Held | Attended | Held |
| D Fenlon | 12 | 12 | 2 | 2 | 5 | 5 |
| P Gately | 12 | 12 | 2 | 2 | 5 | 5 |
| N Butler | 10 | 10 | - | - | 3 | 3 |
| R Dufficy | 2 | 2 | - | - | 2 | 2 |

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

**Remuneration report (audited)**
The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its regulations.

The remuneration report is set out under the following main headings:
- Key management personnel;
- Principles used to determine the nature and amount of remuneration;
- Linking remuneration and company performance;
- Details of remuneration;
- Service agreements;
- Share-based compensation; and
- Additional disclosures relating to key management personnel.

***Key management personnel***
Key management personnel ('KMP') are those persons having authority and responsibility for planning, directing and controlling the major activities of the entity, directly or indirectly, including all directors.

The KMP of the Group consisted of the following directors of Elixinol Wellness Limited:
- David Fenlon - Independent Non-Executive Director and Chair;
- Pauline Gately - Non-Executive Director;
- Natalie Butler - Executive Director and Head of Marketing (appointed effective 28 March 2024); and
- Ronald Dufficy - Former Group Chief Executive Officer (resigned effective 28 March 2024).

And the following executive of Elixinol Wellness Limited:
- Josephine Lorenz - Group Chief Financial Officer

Except if noted, the named persons held their current position for the whole of the financial year and since the end of the financial year.

***Principles used to determine the nature and amount of remuneration***
An executive reward framework has been developed to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders and conforms to the market best practice and advice from independent external advisors for the delivery of reward.

The Board of Directors ('the Board') has ensured that executive reward satisfies the following key criteria for good reward governance practices:
- Competitiveness and reasonableness;
- Acceptability to shareholders;
- Performance linkage / alignment of executive compensation; and,
- Transparency.

The Remuneration and Nomination Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The Remuneration and Nomination Committee ensures the structure of the executive remuneration framework is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it enhances shareholders' interests by:
- Having economic profit and revenue growth as a core component of plan design;
- Focusing on sustained growth in shareholder wealth, growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and,
- Attracting and retaining high calibre executives.

Additionally, the reward framework enhances executives' interests by:
- Rewarding capability and experience;
- Reflecting competitive reward for contribution to growth in shareholder wealth; and,
- Providing a clear structure for earning rewards.

*Non-Executive Directors' remuneration*
Fees and payments to Non-Executive Directors reflect the demands and responsibilities of their role. Non-Executive Directors' fees and payments are reviewed annually by the Remuneration and Nomination Committee. The Remuneration and Nomination Committee may, from time to time, receive advice from independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market. The Chair's fees are determined independently to the fees of other Non-Executive Directors based on comparative roles in the external market. The Chair is not present at any discussions relating to the determination of their own remuneration.

The Constitution provides that Non-Executive Directors are entitled to total fixed remuneration not exceeding an aggregate maximum sum determined by the Company in general meeting. The current amount has been fixed at $500,000 and was approved by shareholders at the Annual General Meeting ('AGM') held on 17 May 2021. Remuneration of directors may be provided as a contribution to a superannuation fund. Additionally, Non-Executive Directors can participate in the Company’s long-term incentive plan.

*Executive remuneration*
The Group rewards Executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The Executive remuneration and reward framework has three components:
- Fixed remuneration - to provide a fair and equitable fixed salary, which accurately reflects the skills and responsibilities of the role and the experience of the individual fulfilling the position;
- Short-term performance incentives - to encourage and reward for individual outperformance against annual key performance indicators during the financial year; and,
- Long-term incentive share-based payments - to drive long-term sustainable growth and facilitate alignment between the senior executive team and the long-term interests of shareholders.

The combination of these comprises the Executive's total remuneration.

*Fixed remuneration*
Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, is reviewed annually by the Remuneration and Nomination Committee for market competitiveness to attract and retain talent, to consider individual and business unit performance as well as the overall performance of the Group.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the Executive.

*Short-Term Incentive Plan ('STIP')*
The Company has adopted a STIP which will enable it to assist in the attraction, motivation and retention of the Directors, executive team and other selected employees of the Group and provide a direct link between remuneration and performance.

Its aim is to reward the Executive and management of the Group for achieving a combination of clearly defined Group and individual targets.

The STIP is subject to annual review by the Remuneration and Nomination Committee. The structure, performance measures and weightings may therefore vary from year to year.

The STIP is weighted 90% (90% in 2023) to Group financial measures and 10% (10% in 2023) to individual measures for Executive KMPs.

STIP Opportunity (at target) is 30-35% (25-50% for 2023) of Total Fixed remuneration for Executive KMPs.

Group financial measures are set out below:
- Group Adjusted EBITDA (90% of the STIP);
- Group Adjusted EBITDA was chosen to align executive performance with the key drivers of shareholder value and reflect the short-term performance of the business. Group financial performance measures for future years will be determined annually; and,
- Minimum threshold performance will be 100% of the on-target performance level of Group Adjusted EDITBA metrics.

Individual measures are set out below:
- Executive KMPs are set individual objectives based on their specific area of responsibility. These objectives are directly aligned to the Board approved financial, operational and strategic objectives and include quantitative measures where appropriate; and,
- Payouts are based on a minimum of 80% achievement (80% for 2023).

Actual performance against Group financial and individual measures is assessed at the end of the financial year.

The Board determines the amount, if any, of the STIP to be paid to each Executive KMP, seeking recommendations from the Remuneration and Nomination Committee.

Where performance is below threshold, payment of any STIP amount will be at the sole discretion of the Board. Where performance is above the threshold, up to 150% of the target STIP amounts are payable.

The STIP amount on-target will be paid in cash or equity and equity will be issued as performance rights and will vest 75% following the release of the relevant financial statements and 25%, 12 months later and will be subject to relevant local statutory and tax obligations. The Board at its discretion, may elect to grant equity in lieu of payments in cash. Where performance is above the threshold, the STIP will be paid in cash or equity, subject to Board discretion.

If a takeover or change of control event occurs or in the case of death, disability, bona fide redundancy or genuine retirement or another reason (with the exception of resignation or dismissal), the Board at its discretion, may elect to pay whole or pro rata STIP amounts.

STIP payments granted as equity include the following conditions:
- Any STIP outcome deferred into equity cannot be traded until after they have vested;
- Any unvested share rights may be forfeited if the Executive ceases to be an employee before the vesting date; and,
- Share rights which have vested can only be traded in accordance with the Company’s Securities Trading Policy.

*Long-Term Incentive Plan ('LTIP')*
The LTIP is an equity incentive plan used to align the Directors and Executive KMP’s remuneration to the returns generated for the Group’s shareholders. The key features of the LTIP are outlined below.

Performance rights over ordinary shares in the Company were issued to KMPs for nil consideration. The nature, timing and structure of the grant is detailed below.

*Performance rights*
Performance rights are awarded based on the fixed amount to which the individual is entitled. Upon satisfaction of vesting and employment conditions, each performance right will, at the Company’s election, convert to a share on a one-for-one basis or entitle the participant to receive in cash to the value of a share at the Board’s discretion in lieu of an allocation of shares. Where the Board makes such an election, the amount payable will be as determined below:

Cash payable = (No. of Performance Rights x VWAP) - Applicable Withholding Tax (if any) - Amounts paid as superannuation

Where VWAP means the volume weighted average share price of the shares traded on the ASX in the 5 trading days immediately prior to the relevant vesting date.

*LTIP opportunity (at target)*
LTIP opportunity has been determined by informed benchmarking.

*Performance period*
Share Rights granted during 2023 were issued in two equal tranches. The performance period for Tranche 1 is 18 months from 1 January 2023 to 30 June 2024 and the performance period for Tranche 2 is 3 years from 1 January 2023 to 31 December 2025.

*Vesting dates*
Share Rights granted in 2023:

| Vesting date |
|---|
| Tranche 1 - 30 August 2024 |
| Tranche 2 - 28 February 2026 |

There were no Share Right grants made during 2024 for the LTIP.

*Vesting conditions*
Share rights which have not lapsed will vest and become exercisable on the date on which any vesting conditions (and any employment conditions) applicable to the share rights have been satisfied (or waived by the Board) or the date on which the share rights otherwise vest in accordance with the Plan rules.

The share rights are subject to the following vesting conditions:
- Satisfaction of absolute Total Shareholder Return ('TSR') performance hurdles for the relevant vesting period; and,
- Participant must be employed (or continue to be a Director) of the Company or one of its wholly owned subsidiaries at the time that audited financial statements are released to the ASX following the performance period.

The proportion of TSR share rights that will vest will be determined by reference to the absolute TSR of the Company during the relevant performance period, in accordance with the following vesting schedule:

| Company's TSR over the relevant performance period | Percentage of TSR share rights vesting |
|---|---|
| Below 0% | 0% of the TSR share rights will vest |
| Greater than 0% but less than 10% | Between 0% and 100% of the TSR share rights will vest |
| Greater than 10% but less than 20% | Between 100% and 200% of the TSR share rights will vest |
| Equal to or greater than 20% | 200% of the TSR share rights will vest |

*Cessation of employment (Employment Conditions)*
Subject to the Board determining otherwise (in its absolute discretion), should a participant cease to be an employee or Director of the Group because of:
- Resignation or dismissal: all unvested rights or options lapse;
- Death, disability, bona fide redundancy, genuine retirement or another reason (with the exception of resignation or dismissal): a pro rata number of unvested rights or options will not lapse, and any vested right or option will not lapse. All other rights or options will lapse.

*Disposal restrictions*
When vesting occurs, restriction on disposal of shares will be subject to the Company's Securities Trading Policy.

A participant may not enter into any arrangement for the purpose of hedging, or otherwise affecting their economic exposure to their performance rights.

*Change of control*
In the event of a Takeover Event or Control Event, all unvested Share Rights will fully vest.

*Use of remuneration consultants*
During the financial period ended 31 December 2024, the Board did not consult or did not engage remuneration advisors for benchmarking of executive remuneration.

*Voting and comments made at the Company's 30 May 2024 AGM*
At the 30 May 2024 AGM, 92.42% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2023. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

***Linking remuneration and company performance***

*Impact of the Group's 2024 performance on remuneration*

With an expanded brand portfolio following the acquisition of Ananda Food Pty Ltd and The Healthy Chef business during the year, Australian-based revenue increased by 130% compared with the prior year. The Americas business continued to face a challenging environment with a lack of regulatory development impacting marketing on e-Commerce platforms. However, overall, Group revenue grew 81%, and following a focus on cost reduction and margin improvement, the Group an improved adjusted EBITDA by 40%. The Group also delivered numerous strategic objectives designed to position it for future growth, including the integration of the acquisition of The Sustainable Nutrition Group Ltd. Despite these improvements, the results did not meet the targets set and therefore STIP and LTIP were not awarded during the year to Executive Management.

The link between Executive KMP remuneration and Group financial performance is detailed below:

| | 2024<br>$'000 | 2023<br>$'000 | 2022<br>$'000 | 2021<br>$'000 | 2020<br>$'000 |
|---|---|---|---|---|---|
| Revenue | 14,956 | 8,269 | 7,055 | 9,338 | 15,010 |
| Adjusted EBITDA | (2,756) | (4,626) | (8,538) | (11,496) | (22,930) |
| Net loss after tax | (1,722) | (7,507) | (10,571) | (17,025) | (104,478) |
| | | | | | |
| Basic loss per share (cents per share)* | (1.11) | (12.68) | (3.34) | (5.41) | (58.25) |
| Diluted loss per share (cents per share)* | (1.11) | (12.68) | (3.34) | (5.41) | (58.25) |
| | | | | | |
| Opening share price | $0.076 | $0.021 | $0.072 | $0.175 | $0.570 |
| Closing share price on 31 December | $0.038 | $0.076 | $0.021 | $0.072 | $0.175 |

* Basic loss per share and diluted loss per share for 2024 and 2023 are stated above after taking account of the 8:1 share consolidation that occurred in the 2024 financial year. Prior to this, the figures represent the signed Annual Reports of those years

There were no dividends declared or paid during the financial year.

### *Details of remuneration*

*Amounts of remuneration*

| 2024 | Short-term benefits | | | Post-employment benefits | | | Long-term benefits | | |
|---|---|---|---|---|---|---|---|---|---|
| | Cash salary and fees $ | Annual leave $ | Super-annuation $ | Terminat-ion benefits $ | Salary sacrifice - Equity settled perform-ance rights $ | Issued equity $ | Deferred STI[c] $ | Equity settled perform-ance rights $ | Total $ |
| *Non-Executive Directors:* | | | | | | | | | |
| D Fenlon | 111,746 | - | 12,766 | - | - | 60,000 | - | 6,703 | 191,215 |
| P Gately | 97,964 | - | 11,193 | - | - | 45,000 | - | (9,481) | 144,676 |
| | 209,710 | - | 23,959 | - | - | 105,000 | - | (2,778) | 335,891 |
| *Executive Directors:* | | | | | | | | | |
| N Butler[b] | 195,833 | - | 20,971 | - | - | - | - | 2,353 | 219,157 |
| R Dufficy[a] | 70,591 | 37,901 | 7,765 | 175,616 | - | - | - | (67,705) | 224,168 |
| | 266,424 | 37,901 | 28,736 | 175,616 | - | - | - | (65,352) | 443,325 |
| *Other KMP:* | | | | | | | | | |
| J Lorenz | 235,000 | - | 26,438 | - | - | - | - | (6,344) | 255,094 |
| | 711,134 | 37,901 | 79,133 | 175,616 | - | 105,000 | - | (74,474) | 1,034,310 |

(a) Remuneration is from 1 January 2024 to date of cessation as Director or KMP.

(b) Remuneration is from date of appointment at 28 March 2024 to 31 December 2024.

(c) 100% of the current year STI to be settled as Equity-settled Performance Rights with 75% vesting on 31 March 2024 and 25% with a vesting date on 31 March 2025.

| 2023 | Short-term benefits Cash salary and fees $ | Short-term benefits Cash bonus $ | Post-employment benefits Super-annuation $ | Post-employment benefits Terminat-ion benefits $ | Salary sacrifice - Equity settled perform-ance rights $ | Long-term benefits Deferred STI[c] $ | Long-term benefits Equity settled perform-ance rights $ | Total $ |
|---|---|---|---|---|---|---|---|---|
| *Non-Executive Directors:* | | | | | | | | |
| D Fenlon | 67,751 | - | 7,249 | - | 18,750 | - | 24,525 | 118,275 |
| P Gately[b] | 19,151 | - | 2,107 | - | 11,373 | - | - | 32,631 |
| P Benhaim[a] | 18,100 | - | 1,900 | - | - | - | (15,658) | 4,342 |
| O Horn[a] | 18,100 | - | 1,900 | - | - | - | - | 20,000 |
| H Wiseman[a] | 68,750 | - | - | - | 11,458 | - | (25,754) | 54,454 |
| | 191,852 | - | 13,156 | - | 41,581 | - | (16,887) | 229,702 |
| *Executive Directors:* | | | | | | | | |
| R Dufficy[d] | 266,154 | - | 26,346 | - | 27,083 | 142,132 | (40,471) | 421,244 |
| *Other KMP:* | | | | | | | | |
| J Lorenz | 225,776 | - | 24,551 | - | - | 79,854 | 12,130 | 342,311 |
| | 683,782 | - | 64,053 | - | 68,664 | 221,986 | (45,228) | 993,257 |

(a) Remuneration is from 1 January 2023 to date of cessation as Director or KMP.

(b) Remuneration is from date of appointment to 31 December 2023.

(c) 100% of the current year STI to be settled as Equity-settled Performance Rights with 75% vesting on 31 March 2024 and 25% with a vesting date on 31 March 2025. Ron Dufficy's STI is subject to shareholder approval with a proposed vesting of 75% following shareholding approval and 25% with a vesting date on 31 March 2025.

(d) R Dufficy changed from Key Management Personnel to Executive Director on 6 April 2023. Remuneration reflects whole year remuneration.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

| Name | Fixed remuneration 2024 | Fixed remuneration 2023 | At risk - STI 2024 | At risk - STI 2023 | At risk - LTI 2024 | At risk - LTI 2023 |
|---|---|---|---|---|---|---|
| *Non-Executive Directors:* | | | | | | |
| D Fenlon | 100% | 79% | - | - | - | 21% |
| P Gately | 100% | 100% | - | - | - | - |
| P Benhaim | - | 100% | - | - | - | - |
| O Horn | - | 100% | - | - | - | - |
| H Wiseman | - | 100% | - | - | - | - |
| *Executive Directors:* | | | | | | |
| N Butler | 100% | - | - | - | - | - |
| R Dufficy | 100% | 55% | - | - | - | 45% |
| *Other KMP:* | | | | | | |
| J Lorenz | 100% | 73% | - | - | - | 27% |

The proportion of the cash bonus paid/payable or forfeited is as follows:

| Name | Cash bonus paid/payable 2024 | 2023 | Cash bonus forfeited 2024 | 2023 |
|---|---|---|---|---|
| *Executive Directors:* | | | | |
| N Butler | - | - | 100% | - |
| R Dufficy | - | - | - | 100% |
| *Other KMP:* | | | | |
| J Lorenz | - | - | 100% | 100% |

***Service agreements***
Remuneration and other terms of employment for KMP are formalised in service agreements.

The total fixed remuneration ('TFR') is subject to annual review.

Details of these agreements effective from 1 January 2025 are as follows:

| | Fixed Remuneration $ [(a)] | Target STI $ | Notice Period by Executive months | Notice Period by Company months | Restraint Period months |
|---|---|---|---|---|---|
| Natalie Butler [(b)] | 300,000 | 90,000 | 1 | 1 | 3 |
| Josephine Lorenz [(b)] | 235,000 | 82,500 | 3 | 3 | 3 |

(a) Fixed remuneration comprises base cash remuneration however excludes superannuation (superannuation equal to the minimum amount required to be paid to comply with the superannuation guarantee legislation) and includes other benefits which can be sacrificed for cash at the employee's elections.

(b) KMPs are entitled to participate in a long-term incentive plan, as discussed in this report.

KMP have no entitlement to termination payments in the event of removal for misconduct.

Any payments on termination will be subject to the termination benefits cap under the Corporations Act.

***Share-based compensation***

*Issue of shares*
There were no shares issued to Directors and other KMP as part of compensation during the year ended 31 December 2024.

*Options*
The terms and conditions of each grant of options over ordinary shares affecting remuneration of Directors and other key management personnel in this financial year or future reporting years are as follows:

| Name | Number of options granted | Grant date | Vesting date and exercisable date | Expiry date | Exercise price | Fair value per option at grant date |
|---|---|---|---|---|---|---|
| D Fenlon | 625,000 | 31 August 2023 | Various | 31 August 2025 | $0.160 | $0.0368 |
| D Fenlon | 625,000 | 23 November 2023 | Various | 23 November 2025 | $0.160 | $0.0560 |

Options granted carry no dividend or voting rights.

*Performance rights*
The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of Directors and other KMP in this financial year or future reporting years are as follows:

| Name | Number of rights granted* | Grant date | Vesting date and exercisable date | Expiry date | Fair value per right at grant date |
|---|---|---|---|---|---|
| D Fenlon | 58,220 | 26 May 2022 | 28 February 2026 | 21 April 2027 | $0.0570 |
| J Lorenz | 317,005 | 30 September 2023 | 31 March 2025 | 30 December 2028 | $0.0090 |
| J Lorenz | 452,856 | 30 September 2023 | 28 February 2026 | 30 December 2028 | $0.0110 |
| N Butler | 36,417 | 30 September 2023 | 31 March 2025 | 30 December 2028 | $0.0090 |
| N Butler | 36,418 | 30 September 2023 | 28 February 2026 | 30 December 2028 | $0.0110 |

* Amounts restated to account for share consolidation of 8:1 shares during the year.

Performance rights granted carry no dividend or voting rights.

Other than outlined above, there were no other performance rights or options over ordinary shares granted to or vested in Directors and other KMP as part of compensation during the year ended 31 December 2024.

Shares issued in the past financial year were approved under section 10.14 of the ASX Listing Rules.

***Additional disclosures relating to key management personnel***

*Shareholding*
The number of shares in the Company held during the financial year by each Director and other members of KMP of the Group, including their personally related parties, is set out below:

| | Balance at the start of the year | Received as part of remuneration | Additions | Disposals/ other[b] | Adjustment to account for share consolidation of 8:1 | Balance at the end of the year |
|---|---|---|---|---|---|---|
| *Ordinary shares* | | | | | | |
| D Fenlon | 1,250,000 | 11,257,035 | - | - | (10,943,654) | 1,563,381 |
| P Gately | 9,930,583 | 8,442,776 | - | - | (16,076,688) | 2,296,671 |
| N Butler[b] | - | 874,000 | 280,625 | - | (1,010,296) | 144,329 |
| R Dufficy[a] | 7,920,391 | - | - | (7,920,391) | - | - |
| J Lorenz | 3,240,676 | 7,608,125 | - | - | (9,492,700) | 1,356,101 |
| | 22,341,650 | 28,181,936 | 280,625 | (7,920,391) | (37,523,338) | 5,360,482 |

(a) Disposal includes shares held on date ceased being a Director.

(b) Addition of ordinary shares includes held on becoming Director on 28 March 2024.

*Option holding*

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

| | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other[b] | Adjustment to account for share consolidation of 8:1 | Balance at the end of the year |
|---|---|---|---|---|---|---|
| *Options over ordinary shares* | | | | | | |
| D Fenlon | 1,250,000 | - | - | - | (1,093,750) | 156,250 |
| R Dufficy[a] | 2,361,112 | - | - | (2,361,112) | - | - |
| | 3,611,112 | - | - | (2,361,112) | (1,093,750) | 156,250 |

(a) Expired/forfeited/other includes options held on date ceased being a Director.

*Performance rights holding*

The number of performance rights over ordinary shares in the Company held during the financial year by each Director and other members of KMP of the Group, including their personally related parties, is set out below:

| | Balance at the start of the year | Granted | Vested | Expired/ forfeited/ other[b] | Adjustment to account for share consolidation of 8:1 | Balance at the end of the year |
|---|---|---|---|---|---|---|
| *Performance rights over ordinary shares* | | | | | | |
| D Fenlon | 1,715,753 | 11,257,035 | (11,257,035) | (1,250,000) | (407,534) | 58,219 |
| P Gately | - | 8,442,776 | (8,442,776) | - | - | - |
| N Butler[b] | - | 1,748,000 | (874,000) | (291,334) | (509,833) | 72,833 |
| R Dufficy[a] | 3,171,994 | - | - | (3,171,994) | - | - |
| J Lorenz | 18,088,625 | - | (7,608,125) | (4,321,542) | (5,389,088) | 769,870 |
| | 22,976,372 | 21,447,811 | (28,181,936) | (9,034,870) | (6,306,455) | 900,922 |

(a) Expired/forfeited/other includes options held on date ceased being a Director.

(b) Performance rights granted includes performance rights held on becoming KMP on 28 March 2024.

*Loans to key management personnel and their related parties*

There are no loans to key management personnel and their related parties.

***This concludes the remuneration report, which has been audited.***

### Shares under option
Unissued ordinary shares of Elixinol Wellness Limited under option at the date of this report are as follows:

| Grant date | Expiry date | Exercise price | Number under option |
|---|---|---|---|
| 7 June 2023 | 7 June 2025 | $0.160 | 16,375,097 |
| 31 August 2023 | 31 August 2025 | $0.160 | 286,460 |
| 23 November 2023 | 23 November 2025 | $0.160 | 190,973 |
| 22 March 2024 | 22 March 2027 | $0.060 | 92,951,732 |
| | | | 109,804,262 |

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

### Shares under performance rights
Unissued ordinary shares of Elixinol Wellness Limited under performance rights at the date of this report are as follows:

| Grant date | Expiry date | Number under rights |
|---|---|---|
| 27 May 2022 | 27 August 2027 | 58,220 |
| 3 October 2023 | 31 August 2028 | 1,462,572 |
| | | 1,520,792 |

No person entitled to exercise the option or performance rights had or has any right by virtue of the option or performance right to participate in any share issue of the Company or of any other body corporate.

### Shares issued on the exercise of options
There were no ordinary shares of Elixinol Wellness Limited issued on the exercise of options during the year ended 31 December 2024 and up to the date of this report.

### Shares issued on the exercise of performance rights
The following ordinary shares of Elixinol Wellness Limited were issued during the year ended 31 December 2024 and up to the date of this report on the exercise of performance rights granted:

| Date performance rights granted | Exercise price | Number of shares issued |
|---|---|---|
| 3 October 2023 | $0.009 | 35,330,829 |
| 31 May 2024 | $0.009 | 13,541,667 |
| 31 May 2024 | $0.005 | 19,699,811 |
| | | 68,572,307 |

### Indemnity and insurance of officers
The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

### Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

### Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

### Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 28 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 28 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

### Officers of the Company who are former partners of BDO Audit Pty Ltd
There are no officers of the Company who are former partners of BDO Audit Pty Ltd.

### Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

### Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Dave Fenlon

_____________________________
David Fenlon
Independent Non-Executive Director and Chair

28 February 2025

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Level 11, 1 Margaret Street
Sydney NSW 2000
Australia

**DECLARATION OF INDEPENDENCE BY LEAH RUSSELL TO THE DIRECTORS OF ELIXINOL WELLNESS LIMITED**

As lead auditor for the review of Elixinol for the full-year ended 31 December 2024, I declare that, to the best of my knowledge and belief, the only contravention of:

1. The auditor independence requirements of the Corporations Act 2001 in relation to the audit; or
2. Any applicable code of professional conduct in relation to the audit;

is set out below.

The contravention did not impact BDO Audit Pty Ltd's or my independence as lead auditor.

BDO Audit Pty Ltd did not inform those charged with governance of permissible tax advisory and compliance services provided to Elixinol Wellness Ltd (Elixinol) and one of it's subsidiaries, during the year ended 31 December 2024 prior to the once-off or recurring services commencing to enable those charged with governance of Elixinol to make an informed assessment on the impact of the provision of the services on BDO Audit Pty Ltd's independence in accordance with R600.23 of APES 110 Code of Ethics for Professional Accountants (including Independence Standards).

BDO Audit Pty Ltd has subsequently provided the required information and those charged with governance of Elixinol have concurred that the provision of the services does not impact BDO Pty Ltd's or my independence as lead auditor.

This declaration is in respect of Elixinol and the entities it controlled during the period.

**Leah Russell**

**Director**

Russell

**BDO Audit Pty Ltd**

Sydney, 28 February 2025

**Elixinol Wellness Limited**
**Consolidated statement of profit or loss and other comprehensive income**
**For the year ended 31 December 2024**

| | Note | 2024 $'000 | Group 2023 $'000 |
|---|---|---|---|
| **Revenue** | 5 | 14,956 | 8,269 |
| | | | |
| Other income | 6 | 348 | 564 |
| Interest income calculated using the effective interest method | | 30 | 213 |
| | | | |
| **Expenses** | | | |
| Raw materials and consumables used and processing expenses | | (9,314) | (4,849) |
| Employee benefits expenses and Directors' fees | | (3,789) | (3,952) |
| Share-based payments | | (46) | (675) |
| Depreciation and amortisation expense | 7 | (1,042) | (597) |
| Impairment of other assets | 7 | (371) | (1,718) |
| Professional services expenses | | (953) | (1,271) |
| Sales and marketing expenses | | (1,294) | (1,056) |
| Administrative expenses | | (1,648) | (1,540) |
| Distribution costs | | (1,095) | (762) |
| Other expenses | | (881) | (29) |
| Finance costs | 7 | (212) | (101) |
| | | | |
| **Loss before income tax benefit/(expense)** | | (5,311) | (7,504) |
| | | | |
| Income tax benefit/(expense) | 8 | 3,589 | (3) |
| | | | |
| **Loss after income tax benefit/(expense) for the year attributable to the owners of Elixinol Wellness Limited** | | (1,722) | (7,507) |
| | | | |
| **Other comprehensive income** | | | |
| | | | |
| *Items that may be reclassified subsequently to profit or loss* | | | |
| Foreign currency translation | | 67 | 70 |
| | | | |
| Other comprehensive income for the year, net of tax | | 67 | 70 |
| | | | |
| **Total comprehensive loss for the year attributable to the owners of Elixinol Wellness Limited** | | (1,655) | (7,437) |
| | | | |
| | | **Cents** | **Cents** |
| | | | |
| Basic loss per share | 38 | (1.11) | (12.68) |
| Diluted loss per share | 38 | (1.11) | (12.68) |

*The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Elixinol Wellness Limited**
**Consolidated statement of financial position**
**As at 31 December 2024**

| | Note | 2024 $'000 | Group 2023 $'000 |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 9 | 1,078 | 708 |
| Trade and other receivables | 10 | 1,608 | 1,706 |
| Inventories | 11 | 3,890 | 3,664 |
| Income tax refund due | 8 | 14 | 13 |
| Prepayments, deposits and other | 12 | 586 | 558 |
| | | 7,176 | 6,649 |
| Non-current assets classified as held for sale | 13 | - | 1,526 |
| Total current assets | | 7,176 | 8,175 |
| **Non-current assets** | | | |
| Property, plant and equipment | 14 | 1,161 | 903 |
| Right-of-use assets | 15 | 265 | 282 |
| Intangibles | 16 | 6,177 | 2,297 |
| Deferred tax | 8 | 3,590 | - |
| Prepayments, deposits and other | 12 | 80 | 54 |
| Total non-current assets | | 11,273 | 3,536 |
| **Total assets** | | 18,449 | 11,711 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 17 | 2,216 | 2,128 |
| Contract liabilities | 18 | 22 | 522 |
| Borrowings | 19 | 1,114 | 525 |
| Lease liabilities | 20 | 186 | 545 |
| Employee benefits | | 337 | 289 |
| Provisions | 21 | 450 | - |
| Accrued expenses | | 661 | 979 |
| Total current liabilities | | 4,986 | 4,988 |
| **Non-current liabilities** | | | |
| Borrowings | 19 | 543 | 178 |
| Lease liabilities | 20 | 97 | 14 |
| Employee benefits | | 94 | 69 |
| Contingent consideration | 22 | 2,703 | - |
| Total non-current liabilities | | 3,437 | 261 |
| **Total liabilities** | | 8,423 | 5,249 |
| **Net assets** | | 10,026 | 6,462 |
| **Equity** | | | |
| Issued capital | 23 | 228,291 | 222,573 |
| Reserves | 24 | 9,610 | 10,042 |
| Accumulated losses | | (227,875) | (226,153) |
| **Total equity** | | 10,026 | 6,462 |

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes*

Elixinol Wellness Limited
Consolidated statement of changes in equity
For the year ended 31 December 2024

| Group | Issued capital $'000 | Foreign currency translation reserve $'000 | Share-based payments reserve $'000 | Accumulated losses $'000 | Total equity $'000 |
|---|---|---|---|---|---|
| Balance at 1 January 2023 | 218,122 | 9,086 | 596 | (218,646) | 9,158 |
| Loss after income tax expense for the year | - | - | - | (7,507) | (7,507) |
| Other comprehensive income for the year, net of tax | - | 70 | - | - | 70 |
| Total comprehensive income/(loss) for the year | - | 70 | - | (7,507) | (7,437) |
| *Transactions with owners in their capacity as owners:* | | | | | |
| Contributions of equity, net of transaction costs (note 23) | 4,066 | - | - | - | 4,066 |
| Share-based payments (note 39) | - | - | 675 | - | 675 |
| Vesting of share-based payments | 385 | - | (385) | - | - |
| Balance at 31 December 2023 | 222,573 | 9,156 | 886 | (226,153) | 6,462 |

| Group | Issued capital $'000 | Foreign currency translation reserve $'000 | Share-based payments reserve $'000 | Accumulated losses $'000 | Total equity $'000 |
|---|---|---|---|---|---|
| Balance at 1 January 2024 | 222,573 | 9,156 | 886 | (226,153) | 6,462 |
| Loss after income tax benefit for the year | - | - | - | (1,722) | (1,722) |
| Other comprehensive income for the year, net of tax | - | 67 | - | - | 67 |
| Total comprehensive income/(loss) for the year | - | 67 | - | (1,722) | (1,655) |
| *Transactions with owners in their capacity as owners:* | | | | | |
| Contributions of equity, net of transaction costs (note 23) | 5,173 | - | - | - | 5,173 |
| Share-based payments (note 39) | - | - | 46 | - | 46 |
| Vesting of share-based payments | 545 | - | (545) | - | - |
| Balance at 31 December 2024 | 228,291 | 9,223 | 387 | (227,875) | 10,026 |

| | Note | 2024 $'000 | Group 2023 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers (inclusive of GST) | | 15,158 | 7,949 |
| Payments to suppliers and employees (inclusive of GST) | | (18,523) | (12,232) |
| Government grants | 6 | 73 | 1,451 |
| Interest received | | 30 | 108 |
| Interest and other finance costs paid | | (204) | (81) |
| Income taxes refunded | | - | 47 |
| Income taxes paid | | (3) | - |
| Net cash used in operating activities | 37 | (3,469) | (2,758) |
| **Cash flows from investing activities** | | | |
| Payment for purchase of business, net of cash acquired | 34 | (2,271) | 192 |
| Payments for property, plant and equipment | | (60) | (12) |
| Payments for intangibles | | - | (5) |
| Payments for loans in other entities | 10 | - | (1,251) |
| Proceeds from disposal of investments | | 2,265 | - |
| Proceeds from disposal of property, plant and equipment | | - | 32 |
| Net cash used in investing activities | | (66) | (1,044) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares | | 4,659 | 2,250 |
| Share issue transaction costs | | (564) | (199) |
| Proceeds from borrowings | | 861 | 300 |
| Repayment of lease liabilities | | (1,041) | (738) |
| Net cash from financing activities | | 3,915 | 1,613 |
| Net increase/(decrease) in cash and cash equivalents | | 380 | (2,189) |
| Cash and cash equivalents at the beginning of the financial year | | 708 | 2,864 |
| Effects of exchange rate changes on cash and cash equivalents | | (10) | 33 |
| Cash and cash equivalents at the end of the financial year | 9 | 1,078 | 708 |

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes*

## Note 1. General information

The financial statements cover Elixinol Wellness Limited as a group consisting of Elixinol Wellness Limited ('Company' or 'parent entity') and the entities it controlled at the end of, or during, the period ('Group'). The financial statements are presented in Australian dollars, which is Elixinol Wellness Limited's functional and presentation currency.

Elixinol Wellness Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4
100 Albert Road
South Melbourne VIC 3025

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 28 February 2025. The Directors have the power to amend and reissue the financial statements.

## Note 2. Material accounting policy information

The accounting policies that are material to the Group are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

### New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### Going concern

The annual financial statements have been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business.

During the year ended 31 December 2024, the Group incurred a net loss before tax of $1,722,000 (31 December 2023: $7,507,000). During the year, net cash outflows from operating activities were $3,469,000 (31 December 2023: $2,758,000).

The Directors believe that there are reasonable grounds to believe that the entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the cashflow forecast following:

- As a result of the acquisitions of The Sustainable Nutrition Group ('TSN') and Ananda Food, the size and scale of the Australian operations has increased and economies of scale are to be realised through the combined group.
- Directors continue to monitor costs, and minimise where possible. Net loss before tax declined in FY24 compared with FY23. Excluding one-off costs, net cash used in operating activities was $2,164,000 in FY24 and reduced significantly in the second half of the year to $195,000 (excluding one-off costs) in Q4 FY24. Group also continues to demonstrate it can implement cost efficiencies, reducing operating costs (excluding marketing) by 24% of revenue in Q4 FY24 from Q4 FY23. Elixinol America has transitioned to a less capital-intensive e-commerce business model, and synergies from the Ananda Food and The Healthy Chef acquisitions are being realised into FY25, further reducing the Group’s cost base and driving the Group forward to a cashflow positive path.
- At year end the Group had net current assets of $2,190,000 including cash of $1,078,000, along with access to unused debt facilities.
- Ability to raise funds as evidenced by successful capital raises during FY24 including a fully underwritten non-renounceable rights issue raising $3.16 million in March 2024, $1.1 millon institutional placement in October 2024 and $0.4m Share Purchase Plan in November 2024.

## Note 2. Material accounting policy information (continued)

- Availability of additional financing in FY25 including growth in the Trade Debtor Finance facility of up to $1,500,000 and $300,000 of Trade Finance that was established with Scottish Pacific Business Finance Pty Ltd ('ScotPac'), the largest non-bank business lender in Australia in December 2023 that supports the groups revenue growth strategies. As at 31 December 2024, $782,000 was drawn down against these facilities and the total amount available to drawdown was $983,000 providing an additional $201,000 of unused finance facilities. The Group also established e-Commerce finance facilities with Paypal and Shopify to provide early access to e-Commerce revenues. Terms of these facilities range from 12-18 months and are secured against future e-Commerce receipts. There are reasonable grounds to believe that these facilities will continue to be available.

The Directors regularly monitor the Group’s cash position on an ongoing basis and continues to explore debt funding and capital markets to support the going concern and working capital requirements associated with its revenue base and growth strategies. There is a history of successful capital raising and securing new financing facilities in FY24.

However, there is a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Based on the Group’s forecasts and its ability to effectively manage expectations and cash flows from operations, the Directors believe that the Group’s existing cash reserves are adequate to pay its liabilities in the ordinary course of business for at least twelve months from the date of this report and that there is a reasonable basis to prepare the financial statements on a going concern basis.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amount and classification of liabilities that may be necessary should the Group not continue as a going concern.

### Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

*Historical cost convention*
The financial statements have been prepared under the historical cost convention.

*Critical accounting estimates*
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

### Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 33.

### Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Elixinol Wellness Limited as at 31 December 2024 and the results of all subsidiaries for the period then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

**Note 2. Material accounting policy information (continued)**

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

**Operating segments**
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance. Refer to note 4.

**Foreign currency translation**

*Foreign currency transactions*
Foreign currency transactions are translated into the individual entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

*Foreign operations*
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

**Revenue recognition**
The Group recognises revenue as follows:

*Revenue from contracts with customers*
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

*Sale of goods*
Sale of goods revenue is recognised when its performance obligation to transfer control of the goods to the customer is satisfied which occurs either at the point of sale or when delivery is completed by way of shipping the product to the location specified by the customer and the ownership risks have therefore passed to the customer pursuant to the contract.

The Group sells a variety of hemp-based products in the wholesale and eCommerce market. These sales relate to both the manufacture and distribution of hemp-derived finished products and hemp food based products manufactured by the Group. The Group does not act in the capacity as agent in any customer contracts. General invoices are issued to customers on delivery with 30 day payment terms.

## Note 2. Material accounting policy information (continued)

*Government grants*
Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and the consolidated entity will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss as other income over the periods necessary to match them with the costs that they are intended to compensate.

*Interest*
Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Other revenue*
Other revenue is recognised when it is received or when the right to receive payment is established.

### Research activities
Expenditure on research activities is recognised as an expense in the period in which it is incurred.

### Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

An income tax benefit will arise for the financial year where an income tax loss is incurred and, where permitted to do so, is carried-back against a qualifying prior period’s tax payable to generate a refundable tax offset.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Elixinol Wellness Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. In addition, Elixinol Wellness Limited (the 'head entity') and its wholly-owned US subsidiaries have also formed an income tax consolidation group within the US jurisdiction. Therefore, the head entity and each subsidiary (in both Australian and the US) in each tax consolidated group continue to account for their own current and deferred tax amounts.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated groups.

## Note 2. Material accounting policy information (continued)

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated groups. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

### Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no right at the end of the reporting period to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 - 45 days.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customers with similar loss patterns (i.e. by product type, country). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than 90 days and are not subject to enforcement activity.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

### Inventories
Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### Non-current assets or disposal groups classified as held for sale
Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

## Note 2. Material accounting policy information (continued)

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

### Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using diminishing value bases, so as to write off the net cost over its expected useful life. The following bases are used in the calculation of depreciation:

| | |
|---|---|
| Leasehold improvements | over the unexpired period of the lease |
| Furniture, fittings and equipment | 12 to 30% |
| Computer equipment | 30 to 50% |
| Motor vehicles | 17% |
| Machinery | 20% |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

### Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

### Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

*Goodwill*

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

## Note 2. Material accounting policy information (continued)

*Brand name*

Significant costs associated with brand name are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

*Trademarks*

Significant costs associated with trademarks are capitalised as an asset. These costs are not subsequently amortised as they are considered to be indefinite life assets because there is no foreseeable limit to the cash flows generated by them and they have no legal, contractual, regulatory, economic, or competitive limiting factors. Trademarks are tested annually for impairment.

*Other intangible assets*

Costs in relation to other intangible assets are capitalised as an asset. These costs are not subsequently amortised as they are considered to be indefinite life assets because there is no foreseeable limit to the cash flows generated by them and they have no legal, contractual, regulatory, economic, or competitive limiting factors. Other intangible assets are tested annually for impairment.

### Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

### Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

### Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

### Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

## Note 2. Material accounting policy information (continued)

### Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

### Employee benefits

*Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

*Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

*Share-based payments*

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Monte Carlo option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

## Note 2. Material accounting policy information (continued)

### Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

### Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

### Earnings per share

*Basic earnings per share*
Basic earnings per share is calculated by dividing the profit attributable to the owners of Elixinol Wellness Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

## Note 2. Material accounting policy information (continued)

*Diluted earnings per share*
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming conversion of all dilutive potential ordinary shares.

### Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

### New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 31 December 2024. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

## Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Allowance for expected credit losses*
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

*Provision for impairment of inventories*
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

*Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*
The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves assessing the value of the asset at fair value less costs of disposal and using value-in-use models which incorporate a number of key estimates and assumptions. Refer to note 16.

## Note 3. Critical accounting judgements, estimates and assumptions (continued)

*Income tax*
The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made. Refer to note 8.

*Recovery of deferred tax assets*
Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Refer to note 8.

*Deferred consideration*
The deferred consideration liability is the difference between the total purchase consideration, usually on an acquisition of a business combination, and the amounts paid or settled up to the reporting date, discounted to net present value. The Group applies provisional accounting for any business combination. Any reassessment of the liability during the earlier of the finalisation of the provisional accounting or 12 months from acquisition-date is adjusted for retrospectively as part of the provisional accounting rules in accordance with AASB 3 'Business Combinations'. Thereafter, at each reporting date, the deferred consideration liability is reassessed against revised estimates and any increase or decrease in the net present value of the liability will result in a corresponding gain or loss to profit or loss. The increase in the liability resulting from the passage of time is recognised as a finance cost.

## Note 4. Operating segments

*Identification of reportable operating segments*
The Group is organised into three operating segments: Australia, Americas and Rest of World. There is one single business segment, being the sale of nutraceutical and related hemp products. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews Adjusted EBITDA (earnings before interest, tax, depreciation and amortisation), adjusted for impairment and share-based payments. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information provided to the CODM is on a monthly basis.

*Types of products and services*
The principal products and services of each of these operating segments are as follows:

| | |
|---|---|
| Australia | This includes the results from operations of Elixinol Wellness (Byron Bay) Pty Ltd, The Sustainable Nutrition Group Pty Ltd and its subsidiaries ('TSN') and Ananda Food Pty Ltd. |
| Americas | This includes the trading results of Elixinol LLC ('Elixinol Americas') in the US through the manufacture and distribution of hemp-derived cannabidiol (‘CBD’) products. |
| Rest of World | This includes the results from the trading operations of Elixinol BV and Elixinol Ltd (together 'Elixinol Europe') and through the manufacture and distribution of hemp-derived CBD products, and licencing agreements in place across the rest of the world. |

'Unallocated' represents corporate, being Elixinol Wellness Limited (corporate).

*Intersegment transactions*
Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

*Intersegment receivables, payables and loans*
Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

## Note 4. Operating segments (continued)

*Major customers*
During the year ended 31 December 2024, 24% of sales were derived from three major customers (31 December 2023: 22% of sales were derived from three major customers).

*Operating segment information - Continuing operations*

| Group - 2024 | Australia $'000 | Americas $'000 | Rest of World $'000 | Unallocated $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| Sales to external customers | 12,858 | 2,052 | - | - | 14,910 |
| Licence revenue | - | - | 46 | - | 46 |
| **Total revenue** | 12,858 | 2,052 | 46 | - | 14,956 |
| | | | | | |
| **Adjusted EBITDA** | (1,143) | 80 | 10 | (1,703) | (2,756) |
| Depreciation and amortisation | | | | | (1,042) |
| Impairment of assets | | | | | (371) |
| Interest income | | | | | 30 |
| Finance costs | | | | | (212) |
| Share-based payments | | | | | (46) |
| Abnormal/One-off expenses | | | | | (914) |
| **Loss before income tax benefit** | | | | | (5,311) |
| Income tax benefit | | | | | 3,589 |
| **Loss after income tax benefit** | | | | | (1,722) |
| | | | | | |
| **Assets** | | | | | |
| Segment assets | 15,147 | 652 | 21 | 2,629 | 18,449 |
| **Total assets** | | | | | 18,449 |
| | | | | | |
| **Liabilities** | | | | | |
| Segment liabilities | 3,571 | 308 | 72 | 4,472 | 8,423 |
| **Total liabilities** | | | | | 8,423 |

* Refer to note 7 for details of CGU allocation of impairment

**Note 4. Operating segments (continued)**

| **Group - 2023** | Australia $'000 | Americas $'000 | Rest of World $'000 | Unallocated $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| Sales to external customers | 5,587 | 2,638 | - | - | 8,225 |
| Licence revenue | - | - | 44 | - | 44 |
| **Total revenue** | 5,587 | 2,638 | 44 | - | 8,269 |
| | | | | | |
| **Adjusted EBITDA** | (1,115) | (1,365) | 172 | (2,318) | (4,626) |
| Depreciation and amortisation | | | | | (597) |
| Impairment of assets* | | | | | (1,718) |
| Interest income | | | | | 213 |
| Finance costs | | | | | (101) |
| Share-based payments | | | | | (675) |
| **Loss before income tax expense** | | | | | (7,504) |
| Income tax expense | | | | | (3) |
| **Loss after income tax expense** | | | | | (7,507) |
| | | | | | |
| **Assets** | | | | | |
| Segment assets | 8,376 | 2,561 | 16 | 758 | 11,711 |
| **Total assets** | | | | | 11,711 |
| | | | | | |
| **Liabilities** | | | | | |
| Segment liabilities | 3,203 | 867 | 67 | 1,112 | 5,249 |
| **Total liabilities** | | | | | 5,249 |

* Refer to note 7 for details of CGU allocation of impairment

*Geographical information*

| | **Sales to external customers** | | **Geographical non-current assets** | |
|---|---|---|---|---|
| | **2024 $'000** | **2023 $'000** | **2024 $'000** | **2023 $'000** |
| Australia | 12,858 | 5,587 | 3,922 | 3,139 |
| Americas | 2,052 | 2,638 | 32 | 247 |
| Rest of World | 46 | 44 | - | - |
| Unallocated | - | - | 3,731 | 149 |
| | 14,956 | 8,269 | 7,685 | 3,535 |

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

## Note 5. Revenue

| | 2024 $'000 | Group 2023 $'000 |
|---|---|---|
| Sale of goods | 14,910 | 8,225 |
| Licence revenue | 46 | 44 |
| Revenue | 14,956 | 8,269 |

*Disaggregation of revenue*
The disaggregation of revenue from contracts with customers is as follows:

| **Group - 2024** | eCommerce $'000 | Retail $'000 | Other * $'000 | Total $'000 |
|---|---|---|---|---|
| *Geographical regions* | | | | |
| Australia | 1,637 | 8,766 | 2,455 | 12,858 |
| Americas | 1,785 | 267 | - | 2,052 |
| Rest of World | - | - | 46 | 46 |
| | 3,422 | 9,033 | 2,501 | 14,956 |
| *Timing of revenue recognition* | | | | |
| Goods transferred at a point in time | 3,422 | 9,033 | 2,455 | 14,910 |
| Services transferred over time | - | - | 46 | 46 |
| | 3,422 | 9,033 | 2,501 | 14,956 |

∗ Other includes bulk and private label

| **Group - 2023** | eCommerce $'000 | Retail $'000 | Other * $'000 | Total $'000 |
|---|---|---|---|---|
| *Geographical regions* | | | | |
| Australia | 562 | 4,165 | 860 | 5,587 |
| Americas | 2,038 | 544 | 56 | 2,638 |
| Rest of World | - | - | 44 | 44 |
| | 2,600 | 4,709 | 960 | 8,269 |
| *Timing of revenue recognition* | | | | |
| Goods transferred at a point in time | 2,600 | 4,709 | 916 | 8,225 |
| Services transferred over time | - | - | 44 | 44 |
| | 2,600 | 4,709 | 960 | 8,269 |

∗ Other includes bulk and private label.

## Note 6. Other income

| | 2024 $'000 | Group 2023 $'000 |
|---|---|---|
| Net foreign exchange gain/(loss) | 10 | (6) |
| Net loss on disposal of property, plant and equipment | (1) | (2) |
| Government grants | 25 | 47 |
| Other grants | 23 | - |
| Sub-lease income and other | 291 | 525 |
| | 348 | 564 |

*Government grants*

During the year, the Group received the Export Market Development Grant ('EMDG') of $24,600 (31 December 2023: $25,000). Grant total over 3 years is $73,800 which was in relation to promotional activities for eligible products in foreign countries. This grant has been recognised as government grants in the financial statements and recorded as other income. The grant is taxable.

During the year, the Group received a Business Growth Grant from the Australian Government amounting to $nil (31 December 2023: $21,000) which was in relation to marketing and export of goods. This grant has been recognised as government grants in the financial statements and recorded as other income. The grant is taxable.

## Note 7. Expenses

| | 2024 $'000 | Group 2023 $'000 |
|---|---|---|
| Loss before income tax includes the following specific expenses: | | |
| *Cost of sales* | | |
| Cost of sales | 9,314 | 4,849 |
| *Depreciation and amortisation* | | |
| Property, plant and equipment (note 14) | 344 | 123 |
| Right-of-use assets (note 15) | 502 | 474 |
| Intangibles (note 16) | 196 | - |
| Total depreciation and amortisation | 1,042 | 597 |
| *Impairment of other assets* | | |
| Inventory | 285 | 154 |
| Leasehold improvements | - | 54 |
| Land and buildings - right-of-use | - | 184 |
| Investments accounted for using the equity method | 86 | 1,326 |
| Total impairment of other assets* | 371 | 1,718 |

## Note 7. Expenses (continued)

| | 2024 $'000 | Group 2023 $'000 |
|---|---|---|
| *Finance costs* | | |
| Interest and finance charges paid/payable on borrowings | 6 | - |
| Interest and finance charges paid/payable on lease liabilities | 35 | 33 |
| Interest and finance charges paid/payable on Premium Funding | 20 | 16 |
| Interest and finance charges paid/payable on Trade Facility | 151 | 22 |
| Interest and finance charges paid/payable on TSN Loan | - | 30 |
| Finance costs expensed | 212 | 101 |
| *Superannuation expense* | | |
| Defined contribution superannuation expense | 361 | 220 |

* *Impairment allocation to CGUs*

| | 2024 $'000 | Group 2023 $'000 |
|---|---|---|
| Impairment of other assets is allocated to the following CGUs: | | |
| Australia | 145 | 119 |
| Americas | 226 | 1,599 |
| | 371 | 1,718 |

## Note 8. Income tax

| | | Group |
|---|---|---|
| | **2024** | **2023** |
| | **$'000** | **$'000** |
| *Income tax (benefit)/expense* | | |
| Current tax | 23 | 311 |
| Deferred tax - origination and reversal of temporary differences | (3,612) | (308) |
| Aggregate income tax (benefit)/expense | (3,589) | 3 |
| Deferred tax included in income tax (benefit)/expense comprises: | | |
| Increase in deferred tax assets | (3,612) | (308) |
| *Numerical reconciliation of income tax (benefit)/expense and tax at the statutory rate* | | |
| Loss before income tax benefit/(expense) | (5,311) | (7,504) |
| Tax at the statutory tax rate of 25% | (1,328) | (1,876) |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income: | | |
| Other non-deductible permanent differences | 21 | - |
| | (1,307) | (1,876) |
| Current year tax losses not recognised | - | 1,092 |
| Current year temporary differences not recognised | - | 632 |
| Prior year temporary differences not recognised now recognised | (1,890) | - |
| Difference in overseas tax rates | (392) | 155 |
| Income tax (benefit)/expense | (3,589) | 3 |

As a consequence of the application of anti-inversion rules in the USA applying to the Group, the Group is treated as a resident of the USA for US tax purposes and a resident of Australia for Australian income tax purposes.

*Tax losses not recognised*
Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised.

The Group has $20,728,000 (31 December 2023: $25,130,000) of tax effected revenue losses which have not been brought to account at 31 December 2024.

| | | Group |
|---|---|---|
| | **2024** | **2023** |
| | **$'000** | **$'000** |
| *Deferred tax assets not recognised* | | |
| Deferred tax assets not recognised comprises temporary differences attributable to: | | |
| Allowance for expected credit losses | - | 42 |
| Employee benefits | - | 137 |
| Leases | - | 157 |
| Accrued expenses | - | 244 |
| Other payables | - | 70 |
| Inventories | - | 150 |
| Right-of-use assets | - | (71) |
| Total deferred tax assets not recognised | - | 729 |

## Note 8. Income tax (continued)

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

| | 2024 $'000 | Group 2023 $'000 |
|---|---|---|
| *Deferred tax asset* | | |
| Deferred tax asset comprises temporary differences attributable to: | | |
| Amounts recognised in profit or loss: | | |
| Tax losses | 1,082 | - |
| Allowance for expected credit losses | 5,344 | - |
| Contract liabilities | 5 | - |
| Employee benefits | 108 | - |
| Leases | 68 | - |
| Other payables | 47 | - |
| Unrealised foreign exchange | (2,788) | - |
| Property, plant and equipment | (27) | - |
| Inventories | 133 | - |
| Intangible assets | (316) | - |
| Right-of-use assets | (66) | - |
| Deferred tax asset | 3,590 | - |
| Movements: | | |
| Opening balance | - | - |
| Credited to profit or loss | 3,612 | 308 |
| Additions through business combinations (note 34) | (22) | (308) |
| Closing balance | 3,590 | - |

| | 2024 $'000 | Group 2023 $'000 |
|---|---|---|
| *Income tax refund due* | | |
| Income tax refund due | 14 | 13 |

## Note 9. Cash and cash equivalents

| | 2024 $'000 | Group 2023 $'000 |
|---|---|---|
| *Current assets* | | |
| Cash at bank | 1,078 | 585 |
| Cash on deposit | - | 123 |
| | 1,078 | 708 |

## Note 10. Trade and other receivables

| | Group 2024 $'000 | 2023 $'000 |
|---|---|---|
| *Current assets* | | |
| Trade receivables | 1,514 | 1,644 |
| Less: Allowance for expected credit losses | (213) | (168) |
| | 1,301 | 1,476 |
| | | |
| Other receivables | 138 | - |
| GST recoverable | 169 | 148 |
| Receivable from sub-lease | - | 82 |
| | | |
| | 1,608 | 1,706 |

*Allowance for expected credit losses*

The Group has recognised a net loss of $45,000 (31 December 2023: net profit of $15,000) in profit or loss in respect of the expected credit losses for the year ended 31 December 2024.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

| | Expected credit loss rate | | Carrying amount | | Allowance for expected credit losses | |
|---|---|---|---|---|---|---|
| **Group** | **2024 %** | **2023 %** | **2024 $'000** | **2023 $'000** | **2024 $'000** | **2023 $'000** |
| Not overdue | 1% | 1% | 1,193 | 697 | 13 | 7 |
| 1 to 30 days overdue | 1% | 1% | 29 | 202 | - | 2 |
| 31 to 60 days overdue | 6% | 6% | 63 | 26 | 4 | 2 |
| 61 to 90 days overdue | 8% | 8% | 14 | 32 | 1 | 3 |
| Over 90 days overdue | 95% | 95% | 215 | 687 | 195 | 154 |
| | | | | | | |
| | | | 1,514 | 1,644 | 213 | 168 |

Movements in the allowance for expected credit losses are as follows:

| | Group 2024 $'000 | 2023 $'000 |
|---|---|---|
| Opening balance | 168 | 140 |
| Additional provisions recognised | 42 | 10 |
| Additions through business combinations | 3 | 18 |
| | | |
| Closing balance | 213 | 168 |

## Note 11. Inventories

| | 2024 $'000 | Group 2023 $'000 |
|---|---|---|
| *Current assets* | | |
| Raw materials - at cost | 2,295 | 1,718 |
| Less: Provision for impairment | (362) | (243) |
| | 1,933 | 1,475 |
| Work in progress - at cost | 5 | 513 |
| Finished goods - at cost | 2,159 | 1,771 |
| Less: Provision for impairment | (396) | (357) |
| | 1,763 | 1,414 |
| Stock in transit - at cost | 189 | 262 |
| | 3,890 | 3,664 |

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Net realisable values have been reviewed taking into account estimated future demand of finished goods, expiration dates on inventory and current market prices.

## Note 12. Prepayments, deposits and other

| | 2024 $'000 | Group 2023 $'000 |
|---|---|---|
| *Current assets* | | |
| Prepayments | 392 | 266 |
| Security deposits | 51 | 161 |
| Other deposits | 143 | 131 |
| | 586 | 558 |
| *Non-current assets* | | |
| Security deposits | 8 | 8 |
| Other deposits | 72 | 46 |
| | 80 | 54 |

## Note 13. Non-current assets classified as held for sale

| | 2024 $'000 | Group 2023 $'000 |
|---|---|---|
| *Current assets* | | |
| Investment in associate - Altmed Pets LLC | - | 1,526 |

### Note 13. Non-current assets classified as held for sale (continued)

On 20 February 2024, Elixinol Wellness entered into a binding purchase agreement to divest the Group's minority interest in Altmed Pets, LLC. The agreement resulted in sale proceeds of US$1.5m recieved on 13 May 2024 and was be used to accelerate the Group's growth opportunities. The Investment held for sale in the prior year had an historical credit adjustment for Treasury shares held by Altmed Pets LLC in Elixinol Wellness of $678,000. This was reversed against issued capital when the investment was disposed and was non-cash and had have no impact on the statement of financial position.

### Note 14. Property, plant and equipment

| | | Group |
|---|---|---|
| | **2024** | **2023** |
| | **$'000** | **$'000** |
| *Non-current assets* | | |
| Leasehold improvements - at cost | 37 | 363 |
| Less: Accumulated depreciation | (37) | (195) |
| Less: Impairment | - | (124) |
| | - | 44 |
| Furniture, fittings and equipment - at cost | 105 | 185 |
| Less: Accumulated depreciation | (70) | (148) |
| | 35 | 37 |
| Motor vehicles - at cost | 48 | 38 |
| Less: Accumulated depreciation | (34) | (21) |
| | 14 | 17 |
| Computer equipment - at cost | 45 | 670 |
| Less: Accumulated depreciation | (14) | (655) |
| | 31 | 15 |
| Machinery - at cost | 5,400 | 2,447 |
| Less: Accumulated depreciation | (3,472) | (883) |
| Less: Impairment | (847) | (774) |
| | 1,081 | 790 |
| | 1,161 | 903 |

**Note 14. Property, plant and equipment (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| Group | Leasehold improve-ments $'000 | Furniture, fittings and equipment $'000 | Motor vehicles $'000 | Computer equipment $'000 | Machinery $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| Balance at 1 January 2023 | 28 | 15 | - | 14 | 318 | 375 |
| Additions | 54 | 51 | - | 1 | - | 106 |
| Additions through business combinations (note 34) | - | - | 38 | - | 690 | 728 |
| Disposals | - | - | - | - | (172) | (172) |
| Impairment of assets | - | - | - | - | (11) | (11) |
| Depreciation expense | (38) | (29) | (21) | - | (35) | (123) |
| Balance at 31 December 2023 | 44 | 37 | 17 | 15 | 790 | 903 |
| Additions | - | 7 | - | 27 | 23 | 57 |
| Additions through business combinations (note 34) | - | 1 | - | - | 548 | 549 |
| Disposals | - | - | - | - | (3) | (3) |
| Exchange differences | - | (2) | - | - | 74 | 72 |
| Impairment of assets | - | - | - | - | (73) | (73) |
| Depreciation expense | (44) | (8) | (3) | (11) | (278) | (344) |
| Balance at 31 December 2024 | - | 35 | 14 | 31 | 1,081 | 1,161 |

**Note 15. Right-of-use assets**

| | Group 2024 $'000 | Group 2023 $'000 |
|---|---|---|
| *Non-current assets* | | |
| Land and buildings - right-of-use | 767 | 3,049 |
| Less: Accumulated depreciation | (502) | (2,063) |
| Less: Impairment | - | (704) |
| | 265 | 282 |

The Group leases land and buildings for its offices, warehouses and retail outlets under agreements of between 2 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

## Note 15. Right-of-use assets (continued)

*Reconciliations*
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| **Group** | Land and buildings - right-of-use $'000 |
|---|---|
| Balance at 1 January 2023 | 737 |
| Additions through business combinations (note 34) | 82 |
| Modification of lease assumptions | 43 |
| Disposals | (115) |
| Exchange differences | 9 |
| Depreciation expense | (474) |
| Balance at 31 December 2023 | 282 |
| Additions | 243 |
| Additions through business combinations (note 34) | 118 |
| Modification of lease assumptions | 124 |
| Depreciation expense | (502) |
| Balance at 31 December 2024 | 265 |

For other AASB 16 and lease related disclosures refer to the following:
- Refer to note 7 for interest on lease liabilities and other lease payments;
- Refer to note 20 for lease liabilities at 31 December 2024;
- Refer to note 26 for maturity analysis of lease liabilities; and
- Refer to the consolidated statement of cash flows for repayment of lease liabilities.

## Note 16. Intangibles

| | Group 2024 $'000 | Group 2023 $'000 |
|---|---|---|
| *Non-current assets* | | |
| Goodwill - at cost | 1,367 | 818 |
| Brand name - at cost | 988 | 1,232 |
| Less: Accumulated amortisation | (169) | - |
| | 819 | 1,232 |
| Trademarks - at cost | 285 | 247 |
| Less: Accumulated amortisation | (27) | - |
| | 258 | 247 |
| Other intangible assets - at cost | 3,733 | - |
| | 6,177 | 2,297 |

## Note 16. Intangibles (continued)

*Reconciliations*
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| **Group** | Goodwill $'000 | Brand name $'000 | Trademarks $'000 | Other intangible assets $'000 | Total $'000 |
|---|---|---|---|---|---|
| Balance at 1 January 2023 | - | - | 152 | - | 152 |
| Additions | - | - | 3 | 5 | 8 |
| Additions through business combinations (note 34)* | 818 | 1,232 | 87 | - | 2,137 |
| Transfers in/(out) | - | - | 5 | (5) | - |
| Balance at 31 December 2023 | 818 | 1,232 | 247 | - | 2,297 |
| Additions through business combinations (note 34) | 241 | 64 | 42 | 3,733 | 4,080 |
| Disposals | - | - | (4) | - | (4) |
| Transfers in/(out) | 308 | (308) | - | - | - |
| Amortisation expense | - | (169) | (27) | - | (196) |
| Balance at 31 December 2024 | 1,367 | 819 | 258 | 3,733 | 6,177 |

* Change over prior year report reflects the finalisation of business combination accounting during the current year for the acquisition in the prior year under AASB 3 'Business combinations'

### Impairment testing

***Determination of recoverable amount***
The recoverable amount of the CGUs are determined based on value in use model using discounted cash flow projections based on financial forecasts covering a five-year period with a terminal growth rate applied thereafter. As a result of the acquisitions resulting in the recognition of Intangible assets, the Group performed its annual impairment test in December 2024. The cash flow projections which are used in determining any impairment require management to make significant estimates and judgements. Key assumptions in preparing the cash flow projections are set out below. Each of the assumptions is subject to significant judgement about future economic conditions and the development of the industries in which the CGU’s operate in. Management has applied their best estimates to each of these variables but cannot warrant their outcome. In determining if an impairment was required at 31 December 2024, Management also took into consideration that the market capitalisation of the Group was roughly inline with book value of its equity, however this was not the determining factor and at any particular point in time, the market capitalisation does not necessary determine the value of the CGU’s.

## Note 16. Intangibles (continued)

The CGU's were determined to be based on the contribution of individual brands of the Group. Intangibles by CGU is below:

| Summary by Brand | Goodwill $'000 | Brand name and Trademarks $'000 | Other intangible assets $'000 | Total $'000 |
|---|---|---|---|---|
| Healthy Chef* | - | - | 3,733 | 3,733 |
| Ananda Brands | 241 | 106 | - | 347 |
| Mt Elephant | 273 | 367 | - | 640 |
| The Australia Superfood | 550 | 9 | - | 559 |
| Australian Primary Hemp | 292 | 420 | - | 712 |
| Field Day | 11 | 24 | - | 35 |
| HFA and Elixinol | - | 151 | - | 151 |
| Total intangibles | 1,367 | 1,077 | 3,733 | 6,177 |

* Purchase price accounting ('PPA') has not yet been completed to allocate intangibles across categories.

### *Key assumptions*

*Mt Elephant*

The key assumptions on which management based its cash flow projections when determining the value in calculations for Mt Elephant are set out below. These assumptions were considered to be consistent with industry market participant expectations.

- the revenue growth reflected management's expectation of growth in the short to medium term based on expanded ranging, new product development and increased customer loyalty;
- the gross margins expected to improve as product changes and supply challenges have been addressed;
- expenditure assumed to remain consistent as a % revenue, particularly with sales and marketing and distribution, decrease in working capital as inventory levels are reduced and by operational efficiencies reducing cash burn; – limited capital expenditure as manufacturing capabilities are outsourced to third parties;
- terminal growth rate of 2.0% after 5 years; and
- the pre-tax discount rate applied to cash flow projections was 18.7% which represents management's best estimate of the average of the rates of return required by providers of debt and equity capital to compensate for the time value of money and the perceived risk or uncertainty of the cash flows, weighted in proportion to the market value of the debt; and equity capital provided.

The estimated recoverable amounts of Mt Elephant were above the carrying amounts of intangible and tangible assets of the CGU with headroom of $426,000.

*Australian Primary Hemp*

The key assumptions on which management based its cash flow projections when determining the value in calculations for Australian Primary Hemp are set out below. These assumptions were considered to be consistent with industry market participant expectations.

- the revenue growth reflected management's expectation of growth in the short to medium term based on existing supply contracts, expanded ranging and moderate growth;
- the gross margins expected to remain consistent based on secured supply;
- operating expenditure assumed to decline as a % revenue, decrease in working capital as inventory levels are reduced and by operational efficiencies reducing cash burn; – limited planned and committed capital expenditure to support production capabilities;
- terminal growth rate of 2.0% after 5 years; and
- the pre-tax discount rate applied to cash flow projections was 18.7% which represents management's best estimate of the average of the rates of return required by providers of debt and equity capital to compensate for the time value of money and the perceived risk or uncertainty of the cash flows, weighted in proportion to the market value of the debt; and equity capital provided.

The estimated recoverable amounts of Australian Primary Hemp were above the carrying amounts of intangible and tangible assets of the CGU with headroom of $1,024,000.

## Note 16. Intangibles (continued)

*The Australian Superfoods Co*
The key assumptions on which management based its cash flow projections when determining the value in calculations for The Australian Superfoods are set out below. These assumptions were considered to be consistent with industry market participant expectations.
- the revenue growth reflected management's expectation of growth in the short to medium term based on existing supply contracts, moderate e-commerce growth and focused sales strategy;
- the gross margins expected to remain consistent based on secured supply;
- operating expenditure assumed to decline as a % revenue, decrease in working capital as inventory levels are reduced and by operational efficiencies reducing cash burn; – limited planned and committed capital expenditure to support production capabilities;
- terminal growth rate of 2.0% after 5 years; and
- the pre-tax discount rate applied to cash flow projections was 18.7% which represents management's best estimate of the average of the rates of return required by providers of debt and equity capital to compensate for the time value of money and the perceived risk or uncertainty of the cash flows, weighted in proportion to the market value of the debt; and equity capital provided.

The estimated recoverable amounts of The Australian Superfood Co were above the carrying amounts of intangible and tangible assets of the CGU with headroom of $1,073,000.

*Ananda Brands*
The key assumptions on which management based its cash flow projections when determining the value in calculations for Ananda Brands are set out below. These assumptions were considered to be consistent with industry market participant expectations.
- the revenue growth reflected management's expectation of growth in the short to medium term based on existing supply contracts, new product development for the Soul Seeds brand, growth in grocery chain and focused sales strategy;
- the gross margins expected to remain consistent based on secured;
- operating expenditure assumed to decline as a % revenue limited planned and committed capital expenditure to support production capabilities;
- terminal growth rate of 2.0% after 5 years; and
- the pre-tax discount rate applied to cash flow projections was 18.7% which represents management's best estimate of the average of the rates of return required by providers of debt and equity capital to compensate for the time value of money and the perceived risk or uncertainty of the cash flows, weighted in proportion to the market value of the debt; and equity capital provided.

The estimated recoverable amounts of Ananda Brands were above the carrying amounts of intangible and tangible assets of the CGU with headroom of $194,000.

## Note 17. Trade and other payables

| | | Group |
|---|---|---|
| | **2024** | **2023** |
| | **$'000** | **$'000** |
| *Current liabilities* | | |
| Trade payables | 1,817 | 1,760 |
| GST and sales tax payable | (4) | 15 |
| Credit cards | 24 | 73 |
| Other payables | 379 | 280 |
| | 2,216 | 2,128 |

Refer to note 26 for further information on financial instruments.

## Note 18. Contract liabilities

| | 2024 $'000 | Group 2023 $'000 |
|---|---|---|
| *Current liabilities* | | |
| Contract liabilities | 22 | 522 |

*Reconciliation*
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

| | 2024 $'000 | Group 2023 $'000 |
|---|---|---|
| Opening balance | 522 | 22 |
| Payments received or invoiced in advance | 65 | 521 |
| Transfer to revenue - performance obligations satisfied in previous periods | (565) | (21) |
| Closing balance | 22 | 522 |

*Unsatisfied performance obligations*
The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $22,000 as at 31 December 2024 ($522,000 as at 31 December 2023) and is expected to be recognised as revenue in future periods as follows:

| | 2024 $'000 | Group 2023 $'000 |
|---|---|---|
| Within 6 months | 22 | 335 |
| 6 to 12 months | - | 187 |
| | 22 | 522 |

## Note 19. Borrowings

| | 2024 $'000 | Group 2023 $'000 |
|---|---|---|
| *Current liabilities* | | |
| Loans - Raw With Life | 48 | 48 |
| Insurance premium funding | 217 | 155 |
| Trade financing | 849 | 322 |
| | 1,114 | 525 |
| *Non-current liabilities* | | |
| Loans - Raw With Life | 142 | 178 |
| Trade financing | 401 | - |
| | 543 | 178 |

Refer to note 26 for further information on financial instruments.

## Note 19. Borrowings (continued)

*Loans - Raw With Life*
Prior to its acquisition by Elixinol Wellness Limited, Hemp Foods Australia entered into a Shareholder Loan Deed with Raw With Life, an entity controlled by Mr Paul Benhaim, whereby Raw With Life agreed to lend $250,000 to Hemp Foods Australia. The loan is made on an unsecured basis, with no interest currently payable. Hemp Foods Australia undertakes to repay the loan subject to achievement of predefined performance milestones. The Group assessed the fair value of the loan at the reporting date and the amount is not materially different from its carrying value. The loan is being repaid at $4,000 per month, subject to certain conditions.

*Trade financing - Current liabilities*
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 31 December 2024, $653,000 was drawdown against the Trade Debtor facility and $129,000 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.

On 18 October 2024, a Paypal Commerce Finance facility was established providing $120,000 of access to e-commerce revenue in advance. As at 31 December 2024, the balance of this loan was $66,000 with a term of 12 months, or earlier with a repayment of 30% of daily Paypal receipts. The interest rate is a fixed fee of 12.5% of the initial loan balance. This loan is secured against future Paypal receipts.

*Trade financing - Non-current liabilities*
On 26 November 2024, a Shopify Commerce Finance facility was established providing $410,000 of access to e-commerce revenue in advance. As at 31 December 2024, the balance of this loan was $401,000 with a term of 18 months, or earlier with a repayment of 17% of daily Shopify sales. The interest rate is a fixed fee of 7.4% of the initial loan balance. This loan is secured against future Shopify receipts.

## Note 20. Lease liabilities

| | | Group |
|---|---|---|
| | 2024<br>$'000 | 2023<br>$'000 |
| *Current liabilities* | | |
| Lease liability | 186 | 545 |
| *Non-current liabilities* | | |
| Lease liability | 87 | - |
| Lease make good provision | 10 | 14 |
| | 97 | 14 |

Refer to note 26 for further information on financial instruments.

## Note 21. Provisions

| | | Group |
|---|---|---|
| | 2024<br>$'000 | 2023<br>$'000 |
| *Current liabilities* | | |
| Deferred consideration | 450 | - |

*Deferred consideration*
The provision represents the obligation to pay contingent consideration following the acquisition of a business or assets. It is measured at the present value of the estimated liability.

### Note 21. Provisions (continued)

Refer to note 22 for further details in relation to deferred consideration.

### Note 22. Contingent consideration

| | 2024 $'000 | Group 2023 $'000 |
|---|---|---|
| *Non-current liabilities* | | |
| Contingent consideration | 2,103 | - |
| Contingent consideration (deferred) | 600 | - |
| | 2,703 | - |

Contingent consideration includes amounts payable to The Healthy Chef Trust for the acquisition of The Healthy Chef business and assets.

The terms of the deferred consideration are as follows:
- $450,000 in cash is due the 1st annual anniversary of Completion (25 October 2025);
- $600,000 in cash is due the 2nd annual anniversary of Completion (25 October 2026);

Remainder of the Purchase Price in cash is due on Final Settlement date. The third and final Deferred Payment will be calculated on 1 March 2028 ('Calculation Date') and paid to the HC Trust in cash within 10 Business Days of the Calculation Date in accordance with the following scale:
- If Revenue for the period from 1 January 2027 to 31 December 2027 ('FY27') is less than $3,500,000, the Final Deferred Payment will be $1,050,000, meaning the Total Purchase Price is $3,100,000; or
- If FY27 Revenue exceeds $3,500,000 but is less than $6,000,000, the Final Deferred Payment will be $1,050,000 plus 50% of the incremental Revenue over $3,500,000, meaning a Total Purchase Price of between $3,100,001 and $4,350,000.

In the preliminary acquisition accounting, the forecast revenue for FY27 is expected to be $7,500,000.

*Security*
In order to secure full and punctual payment by Elixinol Wellness of all contingent consideration amount (less any set off) due from Elixinol Wellness to the HC Trust under this agreement and due and prompt performance by Elixinol Wellness of their obligations under the agreement, Elixinol Wellness agrees to enter into the security document in the HC Trust’s favour under which, amongst other things, Elixinol Wellness grants the HC Trust a security interest over all Healthy Chef IP necessary to enable HC Trust to obtain the benefit of the contingent consideration amount, free of any other interest or encumbrance.

### Note 23. Issued capital

| | 2024 Shares | 2023 Shares | 2024 $'000 | Group 2023 $'000 |
|---|---|---|---|---|
| Ordinary shares - fully paid | 220,820,137 | 632,738,503 | 228,291 | 222,573 |

**Note 23. Issued capital (continued)**

*Movements in ordinary share capital*

| Details | Date | Shares | Issue price | $'000 |
|---|---|---|---|---|
| Balance | 1 January 2023 | 316,132,461 | | 218,122 |
| Issue of shares - Placement | 14 April 2023 | 69,444,445 | $0.018 | 1,250 |
| Issue of shares - Vested performance rights | 27 April 2023 | 9,247,011 | $0.020 | 185 |
| Issue of shares - Share Purchase Plan offer | 26 May 2023 | 38,055,603 | $0.018 | 685 |
| Issue of shares - Vested performance rights | 31 May 2023 | 3,478,785 | $0.015 | 52 |
| Issue of shares - Underwritten | 7 June 2023 | 17,499,953 | $0.018 | 315 |
| Issue of shares - Underwriting fee to Canaccord | 7 June 2023 | 3,000,000 | $0.018 | 54 |
| Issue of shares - Acquisition of The Sustainable Nutrition Group | 17 August 2023 | 158,163,595 | $0.012 | 1,898 |
| Issue of shares - In lieu of cash consideration for corporate advisory | 17 August 2023 | 9,036,068 | $0.013 | 117 |
| Issue of shares - Director fee rights - Q3 | 31 August 2023 | 2,291,667 | $0.015 | 34 |
| Issue of shares - Vested performance rights | 3 October 2023 | 3,561,137 | $0.020 | 71 |
| Issue of shares - Vested performance rights | 3 October 2023 | 1,300,000 | $0.015 | 20 |
| Issue of shares - Director fee rights - Q4 | 23 November 2023 | 1,527,778 | $0.015 | 23 |
| Share issue transaction costs | | | | (253) |
| Balance | 31 December 2023 | 632,738,503 | | 222,573 |
| Issue of shares - Rights Issue Offer | 22 March 2024 | 279,399,062 | $0.005 | 1,397 |
| Issue of shares - Rights Issue Offer shortfall shares | 25 March 2024 | 353,532,551 | $0.005 | 1,768 |
| Issue of shares - Vested performance rights | 8 April 2024 | 35,330,829 | $0.009 | 318 |
| Reversal of treasury shares held by Altmed Pets, LLC | 13 May 2024 | 133,110 | | 678 |
| Issue of shares - Vested performance rights | 31 May 2024 | 13,541,667 | $0.009 | 122 |
| Issue of shares - Director fee rights | 31 May 2024 | 6,566,603 | $0.005 | 35 |
| Issue of shares - Placement | 10 October 2024 | 238,888,889 | $0.005 | 1,075 |
| Issue of shares - SPP | 21 November 2024 | 93,333,299 | $0.005 | 420 |
| Issue of shares - Healthy Chef acquisition | 22 November 2024 | 100,000,000 | $0.004 | 400 |
| Share consolidation 1:8 | 9 December 2024 | (1,534,286,028) | | |
| Issue of shares - Director fee rights | 20 December 2024 | 1,641,652 | $0.043 | 70 |
| Share issue transaction costs | | | | (565) |
| Balance | 31 December 2024 | 220,820,137 | | 228,291 |

Balance of issued capital reflects Treasury shares on acquisition of Altmed Pet LLC on 24 April 2019 of 133,110 shares. Treasury shares are ordinary shares of the parent entity held by subsidiaries and /or associates

*Ordinary shares*
Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Share buy-back*
There is no current on-market share buy-back.

*Capital risk management*
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

## Note 23. Issued capital (continued)

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment.

The capital risk management policy remains unchanged from the 31 December 2023 Annual Report.

## Note 24. Reserves

| | | Group |
|---|---|---|
| | **2024** | **2023** |
| | **$'000** | **$'000** |
| Foreign currency translation reserve | 9,223 | 9,156 |
| Share-based payments reserve | 387 | 886 |
| | 9,610 | 10,042 |

*Foreign currency translation reserve*
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

*Share-based payments reserve*
The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

## Note 25. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

## Note 26. Financial instruments

***Financial risk management objectives***
The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by senior finance executives ('Finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies and evaluates financial risks within the Group's operating units. Finance provides reports to the Board on a monthly basis.

***Market risk***

*Foreign currency risk*
The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

**Note 26. Financial instruments (continued)**

In addition, the Group is exposed to non-financial instrument risk on the translation of foreign subsidiaries from their functional currency to the presentation currency. This presentation risk is separate to the foreign currency risk dealt with in this note.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

| | Assets | | Liabilities | |
|---|---|---|---|---|
| **Group** | **2024 $'000** | **2023 $'000** | **2024 $'000** | **2023 $'000** |
| US dollars | - | 146 | 124 | 1 |

The Group had net liabilities denominated in foreign currencies of $124,000 (assets of $nil less liabilities of $124,000) as at 31 December 2024 (31 December 2023: net assets of $145,000 (assets of $146,000 less liabilities of $1,000)). Based on this exposure, had the Australian dollar weakened or strengthened against these foreign currencies with all other variables held constant, the Group's profit before tax for the period would have been as follows.

The sensitivity analysis carried out by the Group considers the effects on its trade receivables and payables of 5% increase and decrease between the relevant foreign currency and the Australian dollar (reporting currency).

| | AUD strengthened | | | AUD weakened | | |
|---|---|---|---|---|---|---|
| **Group - 2024** | **% change** | **Effect on profit before tax $'000** | **Effect on equity $'000** | **% change** | **Effect on profit before tax $'000** | **Effect on equity $'000** |
| US dollars | 6% | 6 | 6 | 6% | 6 | 6 |

| | AUD strengthened | | | AUD weakened | | |
|---|---|---|---|---|---|---|
| **Group - 2023** | **% change** | **Effect on profit before tax $'000** | **Effect on equity $'000** | **% change** | **Effect on profit before tax $'000** | **Effect on equity $'000** |
| US dollars | 5% | 7 | 7 | 5% | 7 | 7 |

The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last year and the spot rate at the reporting date. A positive number indicates an increase in profit, a negative number indicates a decrease in profit. The actual foreign exchange gain for the year ended 31 December 2024 was $10,000 (31 December 2023: loss of $6,000).

*Price risk*
The Group is not exposed to any significant price risk.

*Interest rate risk*
The Group is not exposed to any significant interest rate risk.

***Credit risk***
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

## Note 26. Financial instruments (continued)

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Consistent with our credit procedures we categorise our receivables based on days past due and we adjust our expected credit losses in relation to those receivables as and when there is a change in days past due in expected receivables.

Expected credit loss is initially recognised in respect to a receivable when it is 30 days past due.

***Liquidity risk***
Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

*Remaining contractual maturities*
The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

| **Group - 2024** | Weighted average interest rate % | 1 year or less $'000 | Between 1 and 2 years $'000 | Between 2 and 5 years $'000 | Over 5 years $'000 | Remaining contractual maturities $'000 |
|---|---|---|---|---|---|---|
| **Non-derivatives** | | | | | | |
| *Non-interest bearing* | | | | | | |
| Trade payables | - | 1,817 | - | - | - | 1,817 |
| Other payables | - | 379 | - | - | - | 379 |
| Loans | - | 48 | 142 | - | - | 190 |
| Deferred consideration | - | 450 | - | - | - | 450 |
| Contingent consideration | - | - | 600 | 2,739 | - | 3,339 |
| | | | | | | |
| *Interest-bearing - variable* | | | | | | |
| Trade financing | 9.74% | 849 | 401 | - | - | 1,250 |
| Lease liability | 8.02% | 185 | 87 | - | - | 272 |
| | | | | | | |
| *Interest-bearing - fixed rate* | | | | | | |
| Credit cards* | 23.99% | 24 | - | - | - | 24 |
| Insurance premium funding | 5.10% | 217 | - | - | - | 217 |
| Total non-derivatives | | 3,969 | 1,230 | 2,739 | - | 7,938 |

* Credit card balances are paid in full each month in accordance with their interest-free period and no interest has been charged during the year.

## Note 26. Financial instruments (continued)

| Group - 2023 | Weighted average interest rate % | 1 year or less $'000 | Between 1 and 2 years $'000 | Between 2 and 5 years $'000 | Over 5 years $'000 | Remaining contractual maturities $'000 |
|---|---|---|---|---|---|---|
| **Non-derivatives** | | | | | | |
| *Non-interest bearing* | | | | | | |
| Trade payables | - | 1,760 | - | - | - | 1,760 |
| Other payables | - | 280 | - | - | - | 280 |
| Loans | - | 48 | 178 | - | - | 226 |
| *Interest-bearing - variable* | | | | | | |
| Trade financing | 10.74% | 322 | - | - | - | 322 |
| Lease liability | 3.26% | 545 | 14 | - | - | 559 |
| *Interest-bearing - fixed rate* | | | | | | |
| Credit cards* | 21.72% | 73 | - | - | - | 73 |
| Insurance premium funding | 5.19% | 155 | - | - | - | 155 |
| Total non-derivatives | | 3,183 | 192 | - | - | 3,375 |

* Credit card balances are paid in full each month in accordance with their interest-free period and no interest has been charged during the year.

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

## Note 27. Fair value measurement

*Fair value hierarchy*
The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

| Group - 2024 | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
|---|---|---|---|---|
| *Liabilities* | | | | |
| Contingent consideration | - | - | 2,703 | 2,703 |
| Total liabilities | - | - | 2,703 | 2,703 |

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

*Valuation techniques for fair value measurements categorised within level 2 and level 3*
Due to the nature of contingent consideration, it has been categorised as Level 3.

## Note 27. Fair value measurement (continued)

Contingent consideration represents the obligation to pay additional amounts to vendors in respect of businesses acquired by the Group, subject to certain conditions being met. It is measured at the present value of the estimated liability. The fair value of contingent consideration is calculated on the expected future cash outflows. Generally, the contingent consideration is a performance based payment. These are reviewed at the reporting date to provide the expected future cash outflows for each contract. Upon completion of the review the future cash outflows are then discounted to present value using the Group's incremental borrowing rate.

*Level 3 assets and liabilities*

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

| **Group** | Contingent consideration $'000 |
|---|---|
| Balance at 1 January 2023 | - |
| | |
| Balance at 31 December 2023 | - |
| Additions | 3,339 |
| Present value adjustment | (636) |
| | |
| Balance at 31 December 2024 | 2,703 |

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

| Description | Unobservable inputs | Range (weighted average) | Sensitivity |
|---|---|---|---|
| Contingent consideration | Risk adjusted discount rate | 7.5% | A change in the discount rate by 1% would increase/decrease the fair value by $72,000. |
| | Probability - weighted estimated cash flows | Contingent consideration has been estimated using techniques by discounting the probability - weighted estimated cash flows. | A change in revenue delivered in FY27 by 10% would increase/decrease the fair value by $154,000 |

## Note 28. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the Company, and its network firms:

| | 2024 $ | Group 2023 $ |
|---|---|---|
| *Audit services - BDO Audit Pty Ltd* | | |
| Audit or review of the financial statements | 246,500 | 221,500 |
| *Other services - BDO Audit Pty Ltd* | | |
| Taxation compliance services | 20,000 | 23,261 |
| Other advisory services | 45,373 | 6,560 |
| | 65,373 | 29,821 |
| | 311,873 | 251,321 |
| *Other services - network firms* | | |
| Taxation services | 95,124 | 84,108 |

## Note 29. Contingent liabilities

The Group had no contingent liabilities as at 31 December 2024 and 31 December 2023.

## Note 30. Commitments

| | 2024 $'000 | Group 2023 $'000 |
|---|---|---|
| *Inventory purchase commitments* | | |
| Committed at the reporting date but not recognised as liabilities, payable: | | |
| Inventory purchases under contract | 872 | 1,009 |

## Note 31. Key management personnel disclosures

*Compensation*
The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

| | 2024 $ | Group 2023 $ |
|---|---|---|
| Short-term employee benefits | 749,035 | 683,782 |
| Post-employment benefits | 79,133 | 64,053 |
| Termination benefits | 175,616 | - |
| Share-based payments | 30,526 | 245,422 |
| | 1,034,310 | 993,257 |

## Note 32. Related party transactions

*Parent entity*
Elixinol Wellness Limited is the parent entity.

*Subsidiaries*
Interests in subsidiaries are set out in note 35.

*Key management personnel*
Disclosures relating to key management personnel are set out in note 31 and the remuneration report included in the Directors' report.

Transactions between the parent company, its subsidiaries and joint operations are eliminated on consolidation and are not disclosed in this note.

*Receivable from and payable to related parties*
The following balances are outstanding at the reporting date in relation to transactions with related parties:

| | | Group |
|---|---|---|
| | 2024 | 2023 |
| | $ | $ |
| Current payables: | | |
| Superannuation payable to director, David Fenlon | 5,501 | - |
| Superannuation payable to director, Pauline Gateley | 9,582 | - |

All transactions were made on normal commercial terms and conditions and at market rates.

*Loans to/from related parties*
There were no loans to or from related parties at the current and previous reporting date.

## Note 33. Parent entity information

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

| | | Parent |
|---|---|---|
| | 2024 | 2023 |
| | $'000 | $'000 |
| Loss after income tax | (4,596) | (7,436) |
| Total comprehensive loss | (4,596) | (7,436) |

## Note 33. Parent entity information (continued)

*Statement of financial position*

| | Parent 2024 $'000 | Parent 2023 $'000 |
|---|---|---|
| Total current assets | 410 | 650 |
| Total assets | 3,594 | 7,577 |
| Total current liabilities | 1,234 | 1,099 |
| Total liabilities | 3,961 | 1,114 |
| Equity | | |
| Issued capital | 228,291 | 223,251 |
| Share-based payments reserve | 388 | 886 |
| Accumulated losses | (229,046) | (217,674) |
| Total (deficiency)/equity | (367) | 6,463 |

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*
Except for the deed of cross guarantee, as detailed in note 36, the parent entity had no other guarantees in relation to the debts of its subsidiaries as at 31 December 2024 and 31 December 2023.

*Contingent liabilities*
The parent entity had no contingent liabilities as at 31 December 2024 and 31 December 2023.

*Capital commitments - Property, plant and equipment*
The parent entity had no capital commitments for property, plant and equipment as at 31 December 2024 and 31 December 2023.

*Material accounting policy information*
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment

## Note 34. Business combinations

### 31 December 2024

*Ananda Food Pty Ltd (‘Ananda Food’)*
On 12 February 2024, Elixinol Wellness announced that it entered into a Share Purchase Agreement ('Share Purchase Agreement') with Ecofibre Limited ACN 140 245 263 (ASX: EOF) to purchase 100% of the ordinary shares of Ananda Food Pty Ltd ACN 107 362 863 (a wholly owned subsidiary of Ecofibre) for consideration of $2,000,000 in cash and up to $1,000,000 contingent consideration subject to the cat litter product sales between 1 April 2024 and 30 June 2025. The fair value estimated contingent consideration payable based on current forecast is $109,000. The transaction completed on 28 March 2024.

Ananda Food Pty Ltd ('Ananda Food') is one of Australia’s largest hemp producers. Ananda Food is focused on low-cost, high-quality production of hemp ingredients and products for bulk, branded and private label customers. Ananda Food produces a range of Australian grown hemp-derived products and food which is complementary and expands on Elixinol Wellness’ own range of hemp products.

The acquired business contributed revenues of $140,000 and loss after tax of $275,000 to the Group for the period from 29 March 2024 to 31 December 2024. The values identified in relation to the acquisition of Ananda Food Pty Ltd are final as at 31 December 2024.

## Note 34. Business combinations (continued)

Details of the acquisition are as follows:

| | Fair value $'000 |
|---|---|
| Cash and cash equivalents | 200 |
| Trade receivables | 390 |
| Other receivables | 161 |
| Inventories | 1,526 |
| Plant and equipment | 548 |
| Right-of-use assets | 118 |
| Intangibles - Brand | 64 |
| Intangibles - Trademarks | 42 |
| Trade payables | (458) |
| Other payables | (500) |
| Deferred tax liability | (22) |
| Lease make good provision | (49) |
| Lease liability | (152) |
| Net assets acquired | 1,868 |
| Goodwill | 241 |
| Acquisition-date fair value of the total consideration transferred | 2,109 |
| Representing: | |
| Cash paid or payable to vendor | 2,000 |
| Contingent consideration | 109 |
| | 2,109 |
| Cash used to acquire business, net of cash acquired: | |
| Acquisition-date fair value of the total consideration transferred | 2,109 |
| Less: cash and cash equivalents | (200) |
| Less: contingent consideration | (109) |
| Net cash used | 1,800 |

## Note 34. Business combinations (continued)

*The Healthy Chef Pty Ltd*

On 25 October 2024, the Company executed a business purchase deed to acquire the business and assets of The Healthy Chef, Pty Ltd, Healthy Chef Stock & Research Development and EHealth And Wellbeing Pty Ltd (collectively 'Healthy Chef'). This acquisition followed the successful capital raise of $1.075 million (before costs) through an institutional placement. The Healthy Chef is a premium lifestyle brand focussed on clean nutrition for women's health, inner beauty and overall wellbeing. The acquisition aligns with Elixinol's strategy to build a 'House of Brands' that prioritises sustainable nutrition and growth across multiple revenue streams. The acquisition contributed $694,000 to revenue and $215,000 to net profit after tax of the Group for the year ended 31 December 2024. The values identified in relation to the acquisition are provisional as at 31 December 2024 whilst the fair value purchase price accounting is validated.

Details of the acquisition are as follows:

| | Fair value<br>$'000 |
|---|---|
| Trade receivables | 49 |
| Inventories | 431 |
| Intangibles - Other | 3,733 |
| Trade payables | (68) |
| Employee benefits | (121) |
| | |
| Net assets acquired | 4,024 |
| Goodwill | - |
| | |
| Acquisition-date fair value of the total consideration transferred | 4,024 |
| | |
| Representing: | |
| Cash paid or payable to vendor | 471 |
| Elixinol Wellness Limited shares issued to vendor | 400 |
| Deferred consideration | 450 |
| Contingent consideration | 2,703 |
| | |
| | 4,024 |
| | |
| Cash used to acquire business, net of cash acquired: | |
| Acquisition-date fair value of the total consideration transferred | 4,024 |
| Less: contingent consideration | (2,703) |
| Less: deferred consideration | (450) |
| Less: shares issued by Company as part of consideration | (400) |
| | |
| Net cash used | 471 |

**31 December 2023**

*The Sustainable Nutrition Group Ltd*

On 17 August 2023, Elixinol Wellness Limited acquired 100% of the ordinary shares of The Sustainable Nutrition Group Ltd ('TSN') for the total consideration transferred of $1,898,000. The acquisition increased size and scale for both Elixinol Wellness and TSN and has seen the Group expand to own and operate brands across four key verticals: plant-based food and nutrition, hemp-based nutraceuticals (including cannabinoids such as CBD), pet nutritional supplements and skin health. TSN brands include Australian Primary Hemp, Mt Elephant, Field Day and The Australian Superfood Company. The values identified in relation to the acquisition of The Sustainable Nutrition Group were final as at 30 June 2024.

### Note 34. Business combinations (continued)

Details of the acquisition are as follows:

| | Fair value $'000 |
|---|---|
| Cash and cash equivalents | 191 |
| Trade and other receivables | 201 |
| Inventories | 2,514 |
| Property, plant and equipment - Motor vehicles | 38 |
| Property, plant and equipment - Machinery | 690 |
| Right-of-use assets | 82 |
| Intangibles - Brand name | 1,232 |
| Intangibles - Patents and trademarks | 87 |
| Security deposits | 940 |
| Trade and other payables | (936) |
| Deferred tax liability | (308) |
| Employee benefits | (117) |
| Loan to Elixinol Wellness Limited | (2,571) |
| Commercial loans | (880) |
| Lease liability | (83) |
| Net assets acquired | 1,080 |
| Goodwill | 818 |
| Acquisition-date fair value of the total consideration transferred | 1,898 |
| Representing: | |
| Cash paid or payable to vendor | - |
| Elixinol Wellness Limited shares issued to vendor | 1,898 |
| | 1,898 |
| Acquisition costs expensed to profit or loss | - |
| Cash used to acquire business, net of cash acquired: | |
| Acquisition-date fair value of the total consideration transferred | 1,898 |
| Less: cash and cash equivalents | (192) |
| Less: shares issued by Company as part of consideration | (1,898) |
| Net cash received | (192) |

## Note 35. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

| Name | Principal place of business / Country of incorporation | Ownership interest 2024 % | Ownership interest 2023 % |
|---|---|---|---|
| Elixinol LLC | United States of America | 100% | 100% |
| EXL International Holdings LLC | United States of America | 100% | 100% |
| Elixinol Wellness (Corporate Services) Pty Ltd | Australia | 100% | 100% |
| Elixinol Wellness (Byron Bay) Pty Ltd | Australia | 100% | 100% |
| Elixinol BV | Netherlands | 100% | 100% |
| Elixinol Ltd | United Kingdom | 100% | 100% |
| The Sustainable Nutrition Group Pty Ltd | Australia | 100% | 100% |
| The Sustainable Nutrition Group (Australia) Pty Ltd | Australia | 100% | 100% |
| Alchemia Oncology Pty Ltd | Australia | 100% | 100% |
| Ananda Food Pty Ltd | Australia | 100% | - |

## Note 36. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

Elixinol Wellness Limited
Elixinol Wellness (Corporate Services) Pty Ltd
Elixinol Wellness (Byron Bay) Pty Ltd
Elixinol LLC
EXL International Holdings LLC
Elixinol BV
Elixinol Ltd
The Sustainable Nutrition Group Pty Ltd
The Sustainable Nutrition Group (Australia) Pty Ltd
Alchemia Oncology Pty Ltd

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Elixinol Wellness Limited, they also represent the 'Extended Closed Group'.

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' report under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position are substantially the same as the Group and therefore have not been separately disclosed.

## Note 37. Cash flow information

*Reconciliation of loss after income tax to net cash used in operating activities*

| | 2024 $'000 | Group 2023 $'000 |
|---|---|---|
| Loss after income tax benefit/(expense) for the year | (1,722) | (7,507) |
| | | |
| Adjustments for: | | |
| Depreciation and amortisation | 1,042 | 597 |
| Impairment of non-current assets | 86 | 1,414 |
| Impairment of right-of-use assets | - | 184 |
| Impairment of inventory | 285 | 120 |
| Net loss on disposal of property, plant and equipment | - | 2 |
| Share-based payments | 46 | 675 |
| Non-operating interest | - | (178) |
| Others | (119) | (33) |
| | | |
| Change in operating assets and liabilities: | | |
| Decrease in trade and other receivables | 537 | 1,321 |
| Decrease in inventories | 1,730 | 470 |
| (Increase)/decrease in income tax refund due | (1) | 46 |
| Increase in deferred tax assets | (3,590) | - |
| Decrease/(increase) in prepayments, deposits and other | 133 | 63 |
| Decrease in trade and other payables | (460) | (493) |
| (Decrease)/increase in contract liabilities | (530) | 530 |
| (Decrease)/increase in other provisions | (196) | 25 |
| (Decrease)/increase in in accrued expenses | (710) | 171 |
| Decrease in premium funding | - | (165) |
| | | |
| Net cash used in operating activities | (3,469) | (2,758) |

*Changes in liabilities arising from financing activities*

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

| **Group** | Loan with Raw With Life $'000 | Trade financing - Scot Pac $'000 | Trade financing - Shopify and Paypal $'000 | Lease liabilities $'000 | Total $'000 |
|---|---|---|---|---|---|
| Balance at 1 January 2023 | 250 | - | - | 1,265 | 1,515 |
| Net cash from/(used in) financing activities | - | 300 | - | (738) | (438) |
| Exchange differences | - | - | - | 18 | 18 |
| Other changes | (24) | 22 | - | - | (2) |
| | | | | | |
| Balance at 31 December 2023 | 226 | 322 | - | 545 | 1,093 |
| Net cash from/(used in) financing activities | - | 460 | 468 | (1,041) | (113) |
| Other changes | (36) | - | - | 769 | 733 |
| | | | | | |
| Balance at 31 December 2024 | 190 | 782 | 468 | 273 | 1,713 |

## Note 38. Earnings per share

| | 2024 $'000 | Group 2023 $'000 |
|---|---|---|
| Loss after income tax attributable to the owners of Elixinol Wellness Limited | (1,722) | (7,507) |
| | **Number** | **Number*** |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 154,552,184 | 59,226,508 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 154,552,184 | 59,226,508 |
| | **Cents** | **Cents** |
| Basic loss per share | (1.11) | (12.68) |
| Diluted loss per share | (1.11) | (12.68) |

* Weighted average number of ordinary shares have been restated to account for the 1:8 share consolidation in the current year.

Performance rights (note 39) have not been included in the calculation diluted earnings per share as their inclusion would be anti-dilutive to the Group as at 31 December 2024 and 31 December 2023.

## Note 39. Share-based payments

The Group has established a long-term incentive share-based payment ('LTIP'). Under the LTIP, the Board at its absolute discretion can issue options and performance rights over ordinary shares in the Company to directors, key management personnel and employees.

During the current year 33,241,478 performance rights were issued for $nil consideration and the share-based payment debit in profit or loss was $46,000, that included $311,000 credit for forfeitures and $357,000 debit for current period expense. The equity movement was a credit of $499,000 that included $545,000 credit for performance rights exercised as issued capital, and $46,000 movement in the share-based payment reserve.

During the prior year 95,903,647 performance rights were issued for $nil consideration and the share-based payment debit in profit or loss was $128,000, that included $212,000 credit for forfeitures and $340,000 debit for prior period expense. The equity movement was a credit of $126,000 that included $64,000 credit for performance rights exercised as issued capital, and $331,000 movement in the share-based payment reserve.

Performance rights are awarded based on the fixed amount to which the individual is entitled. Upon satisfaction of vesting and employment conditions, each performance right will, at the Company's election, convert to a share on a one-for-one basis or entitle the participant to receive in cash to the value of a share at the Board's discretion in lieu of an allocation of shares.

Share Rights granted during 2023 were issued in two equal tranches. The performance period for Tranche 1 is 18 months from 1 January 2023 to 30 June 2024 and the performance period for Tranche 2 is 3 years from 1 January 2023 to 31 December 2025.

The vesting dates are as follows:

Share Rights granted in 2023

Vesting date

Tranche 1 - 30 August 2024
Tranche 2 - 28 February 2026

There were no Share Right grants made during 2024 for the LTIP.

**Note 39. Share-based payments (continued)**

*Grant dates and details*
2024

| Grant date | Expiry date | Exercise price | Balance at the end of the year | Granted | Expired/ forfeited/ Exercised | Expired/ forfeited/ other | Adjustment to account for share consolidation 8:1 | Balance at the end of the year |
|---|---|---|---|---|---|---|---|---|
| 07/06/2023 | 30/10/2025 | $0.16 | 131,000,001 | - | - | - | (114,624,904) | 16,375,097 |
| 31/08/2023 | 07/10/2026 | $0.16 | 2,291,667 | - | - | - | (2,005,207) | 286,460 |
| 23/11/2023 | 27/08/2027 | $0.16 | 1,527,778 | - | - | - | (1,336,805) | 190,973 |
| | | | 134,819,446 | - | - | - | (117,966,916) | 16,852,530 |

The weighted average share price during the financial year was $0.015.

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.67 years.

Set out below are summaries of performance rights granted:

2024

| Grant date | Expiry date | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Adjustment to account for share consolidation 8:1 | Balance at the end of the year |
|---|---|---|---|---|---|---|---|
| 30/07/2020 | 30/10/2025 | 62,271 | - | - | (62,271) | - | - |
| 07/07/2021 | 07/10/2026 | 1,547,376 | - | - | (1,547,376) | - | - |
| 27/05/2022 | 27/08/2027 | 4,842,305 | - | - | (4,842,305) | - | - |
| 21/01/2022 | 21/04/2027 | 280,879 | - | - | (280,879) | - | - |
| 27/05/2022 | 27/08/2027 | 1,166,027 | - | - | (700,274) | (407,533) | 58,220 |
| 31/05/2023 | 31/08/2028 | 5,347,223 | - | - | (5,347,223) | - | - |
| 03/10/2023 | 31/08/2028 | 67,128,638 | - | (35,330,829) | (20,097,238) | (10,237,999) | 1,462,572 |
| 31/05/2024 | 31/08/2029 | - | 13,541,667 | (13,541,667) | - | - | - |
| 31/05/2024 | 31/08/2029 | - | 19,699,811 | (19,699,811) | - | - | - |
| | | 80,374,719 | 33,241,478 | (68,572,307) | (32,877,566) | (10,645,532) | 1,520,792 |

2023

| Grant date | Expiry date | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|---|---|---|---|---|---|---|
| 30/07/2020 | 30/10/2025 | 62,271 | - | - | - | 62,271 |
| 07/07/2021 | 07/10/2026 | 2,210,204 | - | - | (662,828) | 1,547,376 |
| 27/05/2022 | 27/08/2027 | 7,756,755 | - | - | (2,914,450) | 4,842,305 |
| 21/01/2022 | 21/04/2027 | 467,692 | - | - | (186,813) | 280,879 |
| 27/05/2022 | 27/08/2027 | 1,631,780 | - | - | (465,753) | 1,166,027 |
| 21/04/2023 | 22/07/2028 | - | 9,247,011 | (9,247,011) | - | - |
| 21/04/2023 | 22/07/2028 | - | 5,582,545 | (3,561,137) | (2,021,408) | - |
| 31/05/2023 | 31/08/2028 | - | 4,778,785 | (4,778,785) | - | - |
| 31/05/2023 | 31/08/2028 | - | 9,166,668 | (3,819,445) | - | 5,347,223 |
| 03/10/2023 | 31/08/2028 | - | 67,128,638 | - | - | 67,128,638 |
| | | 12,128,702 | 95,903,647 | (21,406,378) | (6,251,252) | 80,374,719 |

## Note 39. Share-based payments (continued)

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 3.04 years (31 December 2023: 2.39 years).

*Valuation model inputs*

For the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

| Grant date | Expiry date | Share price at grant date | Expected volatility* | Dividend yield | Risk-free interest rate* | Fair value at grant date |
|---|---|---|---|---|---|---|
| 31/05/2024 | 31/08/2029 | $0.004 | - | - | - | $0.0090 |
| 31/05/2024 | 31/08/2029 | $0.004 | - | - | - | $0.0050 |

* Where no % is stated there are no market vesting conditions attached to the performance rights and vesting condition includes continuity of service.

Volatilities, betas and correlations (all using the equally weighted model) are calculated using the Stambaugh method, which handles assets with short price histories (e.g. newly listed stocks) without truncating the histories of all the assets to match the number of prices for the assets with the shortest history.

## Note 40. Events after the reporting period

No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

| Entity name | Entity type* | Place formed / Country of incorporation | Ownership interest % | Tax residency |
|---|---|---|---|---|
| Elixinol Wellness Limited** | Body Corporate | Australia | | Dual - Australia and United States of America |
| Elixinol LLC | Body Corporate | United States of America | 100.00% | United States of America |
| EXL International Holdings LLC | Body Corporate | United States of America | 100.00% | United States of America |
| Elixinol Wellness (Corporate Services) Pty Ltd | Body Corporate | Australia | 100.00% | Australia |
| Elixinol Wellness (Byron Bay) Pty Ltd | Body Corporate | Australia | 100.00% | Australia |
| Elixinol BV | Body Corporate | Netherlands | 100.00% | Netherlands |
| Elixinol Ltd | Body Corporate | United Kingdom | 100.00% | United Kingdom |
| The Sustainable Nutrition Group Pty Ltd | Body Corporate | Australia | 100.00% | Australia |
| The Sustainable Nutrition Group (Australia) Pty Ltd | Body Corporate | Australia | 100.00% | Australia |
| Alchemia Oncology Pty Ltd | Body Corporate | Australia | 100.00% | Australia |
| Ananda Food Pty Ltd | Body Corporate | Australia | 100.00% | Australia |

* None of the entities noted above were trustees of trusts within the Group, partners in a partnership within the Group or participants in a joint venture within the Group

** Elixinol Wellness Limited is the head entity of the Group.

***Basis of preparation***

This consolidated entity disclosure statement ('CEDS') has been prepared in accordance with subsection 295(3A)(a) of the Corporations Act 2001. The entities listed in the statement are Elixinol Wellness Limited and all the entities it controls as at 31 December 2024 in accordance with AASB 10 'Consolidated Financial Statements'.

In the Directors' opinion:

- The attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements

- The attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- The attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the financial year ended on that date;

- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

- At the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 36 to the financial statements.

- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Dave Fenlon

___________________________
David Fenlon
Independent Non-Executive Director and Chair

28 February 2025

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Australia

## INDEPENDENT AUDITOR'S REPORT

To the members of Elixinol Wellness Limited

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Elixinol Wellness Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material uncertainty related to going concern

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

**Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

**Acquisition Accounting**

| Key audit matter | How the matter was addressed in our audit |
|---|---|
| As disclosed in note 34 in the financial statements, the Group completed the acquisition of Ananda Health and Healthy Chef.<br><br>Given the significance of the transactions and the complexities associated with accounting for the acquisition in accordance with AASB 3 *Business Combinations*, the acquisition accounting is a significant area of focus for the audit. | Our procedures included but were not limited to:<br><br>• Reviewing the purchase agreements in relation to the acquisition;<br>• Reviewing the accounting treatment for the acquisition;<br>• Confirming the date of acquisition;<br>• Performing testing on the fair value of the net assets acquired on acquisition date;<br>• Assessing the fair value of consideration paid;<br>• Confirming that the acquisition was a business acquisition in accordance with AASB 3 *Business Combinations*; and<br>• Reviewing the purchase price allocation |

**Impairment of intangibles**

| Key audit matter | How the matter was addressed in our audit |
|---|---|
| As disclosed in note 16 in the financial statements, the Group acquired a significant amount of intangible assets and goodwill through acquisitions. | Our procedures included but were not limited to:<br><br>• Obtain and review management's detailed impairment assessment, including considering the |

| | |
|---|---|
| Given the high degree of estimation and judgement involved in forecasting cashflows and reviewing the impairment models, impairment of intangibles is a significant focus of the audit. | reasonableness of assumptions used and conclusions reached.<br>• Considered historic and projected performance to ascertain any potential impairment required; and<br>• Reviewed disclosure in the financial statements to meet the requirements of AASB 136 *Impairment of assets* |

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2024, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the directors for the Financial Report**

The directors of the Company are responsible for the preparation of:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and

b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf

This description forms part of our auditor's report.

## Report on the Remuneration Report

**Opinion on the Remuneration Report**

We have audited the Remuneration Report included of the directors' report for the year ended 31 December 2024.

In our opinion, the Remuneration Report of Elixinol Wellness Limited, for the year ended 31 December 2024, complies with section 300A of the *Corporations Act 2001*.

**Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**BDO Audit Pty Ltd**

BDO

L Russell

Leah Russell
Director

Sydney 28 February 2025

The shareholder information set out below was applicable as at 21 February 2025.

**Distribution of equitable securities**
Analysis of number of equitable security holders by size of holding:

| | Ordinary shares | | Unlisted options over ordinary shares | | Rights over ordinary shares | |
|---|---|---|---|---|---|---|
| | Number of holders | % of total shares issued | Number of holders | % of total shares issued | Number of holders | % of total shares issued |
| 1 to 1,000 | 5,534 | 0.58 | - | - | - | - |
| 1,001 to 5,000 | 1,826 | 1.79 | - | - | - | - |
| 5,001 to 10,000 | 398 | 1.29 | 60 | 2.47 | - | - |
| 10,001 to 100,000 | 874 | 12.73 | 78 | 14.37 | 9 | 29.86 |
| 100,001 and over | 269 | 83.61 | 31 | 83.16 | 3 | 70.14 |
| | 8,901 | 100.00 | 169 | 100.00 | 12 | 100.00 |
| Holding less than a marketable parcel | 7,959 | 4.76 | 60 | 2.47 | 1 | 0.89 |

**Equity security holders**

*Twenty largest quoted equity security holders*
The names of the twenty largest security holders of quoted equity securities are listed below:

| | Ordinary shares | |
|---|---|---|
| | Number held | % of total shares issued |
| FREEDOM TRADER PTY LTD | 14,692,194 | 6.65 |
| MR STUART RESECK & MRS NICOLE DEANNE RESECK (RESECK SUPER FUND A/C) | 13,333,334 | 6.04 |
| CUTTER SUPER PTY LTD (CUTTER SF A/C) | 12,500,000 | 5.66 |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 10,047,366 | 4.55 |
| CG NOMINEES (AUSTRALIA) PTY LTD | 9,574,074 | 4.34 |
| UBS NOMINEES PTY LTD | 7,838,694 | 3.55 |
| 10 BOLIVIANOS PTY LTD | 6,011,427 | 2.72 |
| G & A ESHUYS SUPERANNUATION PTY LTD (G & A ESHUYS S/F A/C) | 4,318,665 | 1.96 |
| GIDGELL PTY LTD (THE JAY-EM A/C) | 4,256,887 | 1.93 |
| BNP PARIBAS NOMS PTY LTD | 4,228,987 | 1.92 |
| ROSEDALE SUPER PTY LTD (ROSEDALE SUPER FUND A/C) | 3,343,022 | 1.51 |
| CITICORP NOMINEES PTY LIMITED | 2,386,228 | 1.08 |
| JASFORCE PTY LTD (ALEX WAISLITZ RETIRE A/C) | 2,306,551 | 1.04 |
| MS PAULINE THERESE GATELY | 2,296,671 | 1.04 |
| CAPITAL ACCRETION PTY LTD (THE FORTIFIED VALUE A/C) | 2,233,798 | 1.01 |
| INTERDALE PTY LTD (MAPLE SUPER A/C) | 2,157,888 | 0.98 |
| RAW WITH LIFE PTY LTD (BENHAIM TRADING A/C) | 2,111,611 | 0.96 |
| MR DAVID JOHN FENLON | 1,563,381 | 0.71 |
| MR KIERAN JOHN O'BRIEN | 1,562,500 | 0.71 |
| A&N MCINTOSH HOLDINGS PTY LTD (TIGER INVESTMENT A/C) | 1,551,196 | 0.70 |
| | 108,314,474 | 49.06 |

*Unquoted equity securities*

| | Number on issue | Number of holders |
|---|---|---|
| Options over ordinary shares issued | 16,852,530 | 169 |

There were no person that holds 20% or more of unquoted performance rights.

**Substantial holders**
Substantial holders in the Company are set out below:

| | Number held* | Ordinary shares % of total shares issued** |
|---|---|---|
| CUTTER SUPER PTY LTD (Notice dated 2 December 2024) | 12,500,000 | 5.70 |
| MR STUART RESECK & MRS NICOLE DEANNE RESECK (Notice dated 14 October 2024) | 12,500,000 | 6.40 |
| FREEDOM TRADER PTY LTD (Notice dated 3 April 2024) | 11,172,340 | 7.06 |

* Number held has been adjusted for 8:1 share consolidation since notice was provided to Elixinol Wellness.
** Percentage holding as noted on the date notice was given.

**Voting rights**
The voting rights attached to ordinary shares are set out below:

*Ordinary shares*
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

| | |
|---|---|
| Directors | David Fenlon - Independent Non-Executive Director and Chair<br>Pauline Gately - Non-Executive Director<br>Natalie Butler - Executive Director and Head of Marketing |
| Group Chief Financial Officer | Josephine Lorenz |
| Company secretary | Melanie Leydin |
| Registered office | Level 4<br>100 Albert Road<br>South Melbourne VIC 3205<br>Tel: (02) 4044 4585 (within Australia)<br>Tel: +61 (0) 2 4044 4585 (outside Australia) |
| Mailing address | Level 4<br>100 Albert Road<br>South Melbourne VIC 3205 |
| Share register | Automic Pty Ltd<br>Level 5<br>126 Phillip Street<br>Sydney NSW 2000<br>Tel: 1300 288 664 (within Australia)<br>Tel: +61 (0) 2 9698 5414 (outside Australia) |
| Auditor | BDO Audit Pty Ltd<br>Level 11<br>1 Margaret Street<br>Sydney NSW 2000 |
| Stock exchange listing | Elixinol Wellness Limited shares are listed on the Australian Securities Exchange (ASX code: EXL) |
| Website | www.elixinolwellness.com |
| X (formerly known as Twitter) | EXLWellness |
| Corporate Governance Statement | The Company's directors and management are committed to conducting the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (4th Edition) ('Recommendations') to the extent appropriate to the size and nature of the Group's operations.<br><br>The Company has prepared a Corporate Governance Statement which sets out the corporate governance practices that were in operation throughout the financial year, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations.<br><br>The Company's Corporate Governance Statement and policies, which is approved at the same time as the Annual Report, can be found on its website: https://investorhub.elixinolwellness.com/governance |