

Elixinol Global Limited

FY2017 Results Presentation

For the year ending 31 December 2017

27 February 2018



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About Us

Our vision is to be a leading global supplier of premium hemp and medical cannabis products

- Elixinol Global Limited (Elixinol) listed on ASX in January 2018
- Elixinol operates across three distinct segments within the industrial hemp and medicinal cannabis sectors:
 - Hemp-derived CBD nutraceuticals;
 - Hemp foods; and
 - Medicinal cannabis
- Elixinol operates in (or will operate in) these segments via it's wholly owned subsidiaries:

Elixinol USA



- ▶ Colorado-based CBD nutraceuticals manufacturer and global supplier
- ▶ Established 2014
- ▶ \$13.3m revenue in FY2017
- ▶ 86% revenue growth vs FY2016

Hemp Foods Australia



- ▶ Australian-based hemp foods manufacturer, distributor and exporter
- ▶ Established 1999
- ▶ \$3.2m revenue in FY2017
- ▶ Legal super food from Nov 2017

Elixinol Australia



- ▶ Australian-based establishing a pharmaceutical grade medicinal cannabis business
- ▶ Pursuing licences with Office of Drug Control (ODC)

Strategically positioned for success

Elixinol USA

The global nutraceutical industry already exceeds US\$200bn in sales. Hemp derived CBD products are a growing sector of this industry.

Growth is expected.

- Generating strong revenues
- Leading brand in the CBD nutraceutical market
- Expanding retail and wholesale sales across the USA
- Distribution in over 40 countries and expanding global footprint
- Scaling operations to meet demand
- Diversified product portfolio including CBD skincare and animal health products
- Assessing supply-chain opportunities to enable rapid expansion and scale

Hemp Foods Australia

The global hemp derived food market in 2015 was US\$215m with growth exceeding 20%.

Growth is expected.

- Generating strong revenues
- Manufacturing/production infrastructure in place for scale
- Increased consumer awareness of hemp foods due to legalisation in November 2017
- HFA commands the largest market share of hemp foods in Australia and growing
- Brand awareness will leverage the roll-out of new consumer products in 2018
- 'Farm-to-plate' with Tiverton partnership currently cultivating 740 acres of hemp

Elixinol Australia

The global cannabis market is currently estimated at US\$7.7bn with 60% CAGR expected.

Growth is expected.

- Pursuing licences with the Office of Drug Control (ODC)
- Will leverage the integrity of the Elixinol global brand
- The ability to leverage Elixinol USA's significant expertise in manufacturing cannabinoid products
- Establishing strong collaborative partnerships for distribution of proprietary medicinal cannabis formulations and education

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Company Highlights

Company Financial Overview and Achievements

FY2017 results are shown on a pro forma basis

IPO

- Successful ASX listing in January 2018
- Oversubscribed Initial Public Offering (IPO) raising \$20m

Trading

- Revenue of \$16.5m up 62% vs FY2016
- Gross profit improved to 64% exceeding prospectus forecast by 2%
- Elixinol USA EBITDA exceeding prospectus forecast by 12%
- Positive Group EBITDA

Capital Structure

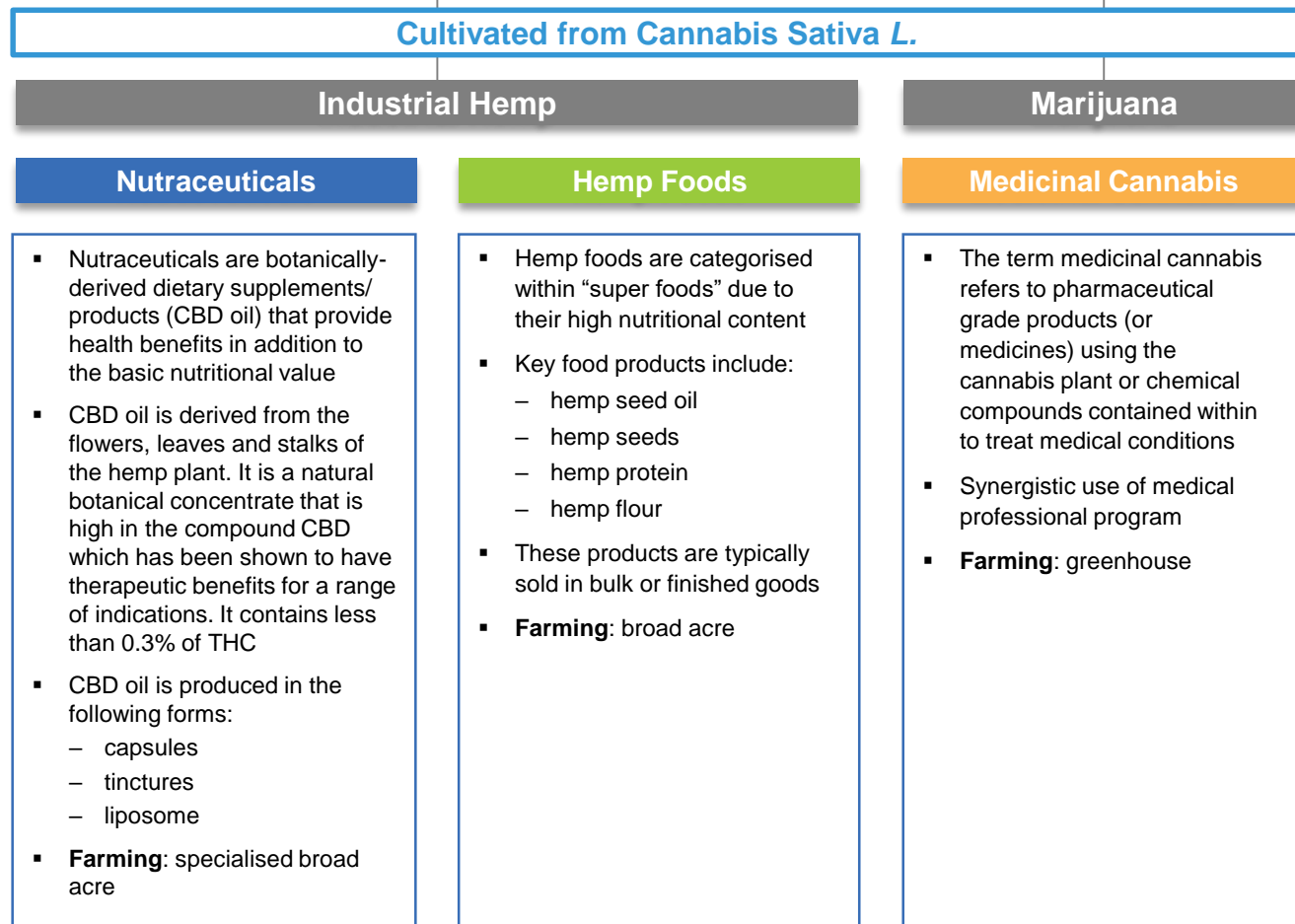
- \$18.8m cash on hand
- Materially debt free
- Strong balance sheet

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Industry Overview

Elixinol Global Segment Channels

The Elixinol Group operates in three distinct segments within the industrial hemp and medicinal cannabis sectors



USA Industrial Hemp

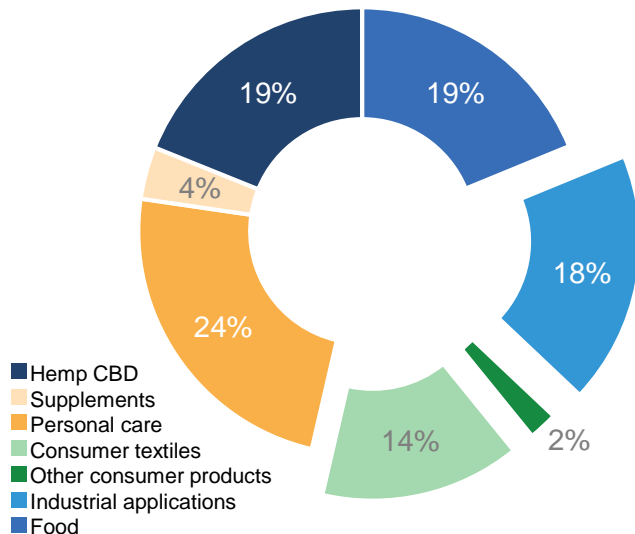
Industrial hemp is a sustainable and versatile crop with sales of approximately US\$688m in the US in 2016

Large addressable market...

Elixinol USA manufactures and distributes hemp-derived CBD, food, supplements and personal care products

- Total retail value of hemp products sold in the US in 2016 was approximately US\$688m

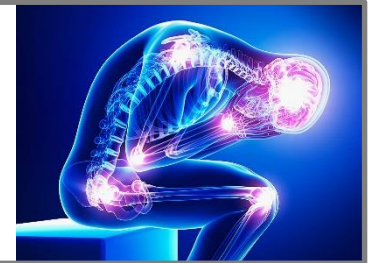
Total US hemp-derived product sales by category in 2016



...with growing popularity as a medical treatment

Growth of the hemp-derived CBD nutraceutical market is expected to accelerate as products become more popular for treatments for various medical applications

- Chronic pain
- Post-traumatic stress disorder
- Sleep disorders
- Anxiety
- Nerve pain



Hemp-Derived Food

Hemp is emerging as a “super food” with a global market estimated to be US\$544m in 2020

Global growth driven by European & NA consumption

- North America (NA) and Europe currently make up a large portion of global consumption
- In 2015, household penetration of hemp-derived foods in Canada was 3.5% - 4% while in USA, it was only around 1%¹
- Between 2016-2020, it is forecasted that the European and Canadian markets will grow at approximately 23% and 18% CAGR, respectively¹
- This growth in hemp-derived foods is primarily due to the emergence of hemp as a “super food”

Emergence of APAC as the lucrative market

- Asia Pacific (APAC) region is expected to emerge as the leading market for hemp-derived foods as Asian nations look for alternative sources of protein and healthy oils
- Health practitioners and dieticians are recommending hemp-derived food and beverages to their protein-deficient patients
- In Australia and NZ, legislation effective November 2017

- ✓ Easy to digest
- ✓ Essential fatty acids and an ideal ration of Omega-6 to Omega-3
- ✓ Protein rich, more protein per 100g than flaxseed
- ✓ Gluten free
- ✓ Naturally grown
- ✓ GMO free

Australia and NZ legislation change November 2017 to allow human consumption places
Hemp Foods Australia in a unique position

Medicinal Cannabis

Emerging and nascent industry in Australia with growing public support

Supportive and secure legislative environment

- The legislative framework suggests that Australia is taking a measured approach to medicinal cannabis
- Cultivation of medicinal cannabis falls under federal legislation in Australia
- The passing of Narcotics Drug Amendment (NDA) Act in October 2016 established a clear and secure licensing scheme for cultivation and manufacturing of cannabis in Australia for medicinal and scientific use
- The adoption of a permit scheme controls the supply and quantity produced by domestic licensees

Potential size of opportunity

- Medicinal cannabis is a nascent industry in Australia, and the size of the market is relatively unknown
- It is anticipated that the penetration in the Australian market could have parallels to the Canadian experience
 - Strong growth in registered patients report by Health Canada stated patients rose from 40,000 in CY2015 to 201,398 as at 30 September 2017¹
 - Canadian and US markets indicate that over 1.2% of the Australian population (300,000) could use medicinal cannabis for the treatment of various indications²
- The Australian market is currently estimated at between \$100m-150m pa²
 - Based on Canadian patient uptake, the wholesale value could be in excess of \$400m pa
- The similarities between nutraceuticals and medicinal cannabis provides an opportunity for the formulas developed in the nutraceutical industry to be utilised under medicinal cannabis

Please note: The Elixinol Group does not currently operate in the medicinal cannabis industry. Subject to obtaining the required licenses and permits, Elixinol AUS intends to supply a range of medicinal cannabis products.

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Business Overview

Elixinol USA

Vertically integrated distributor of CBD hemp-derived nutraceutical products

Elixinol US overview and it's key value drivers

Brand reputation

The Elixinol brand is known in the market for producing high quality hemp CBD derived dietary supplement products

Highest quality raw materials

- Colorado grown hemp
- Rigid testing standards

Best in class products

- Innovative formulations
- Stringent 3rd party testing
- High potency bulk extracts

Global presence

- Worldwide sales penetration
- Multiple sales channels
- Distribution in 40 countries
- Expanding global footprint

Progressing towards vertical integration across the value chain to further secure the company's position as market leader of hemp derived CBD products

Products

CBD Hemp Oil Capsules, Tinctures and X-Pen



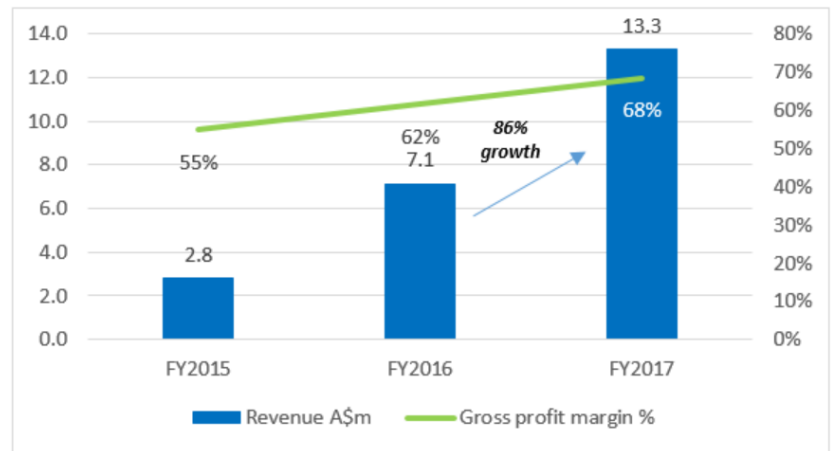
Liposomal CBD Hemp Oil Delivery Device



Respira Hemp Oil



Topical CBD Products



Hemp Foods Australia

Leading supplier of hemp-derived food products

Overview of HFA

- Located in Northern Rivers, NSW
- Since 2012, HFA has grown substantially, manufacturing hemp seeds, hemp oil and hemp protein
 - Upgraded manufacturing facility to increase capacity and support future potential demand growth
- Distributes both bulk and finished product via wholesale and retail channels domestically and in South Korea, Japan and the USA
- Tiverton is an Australian strategic partner, directly managing 40,000 acres in Victoria and Queensland

Products

Hulled hemp seeds



Hemp oil

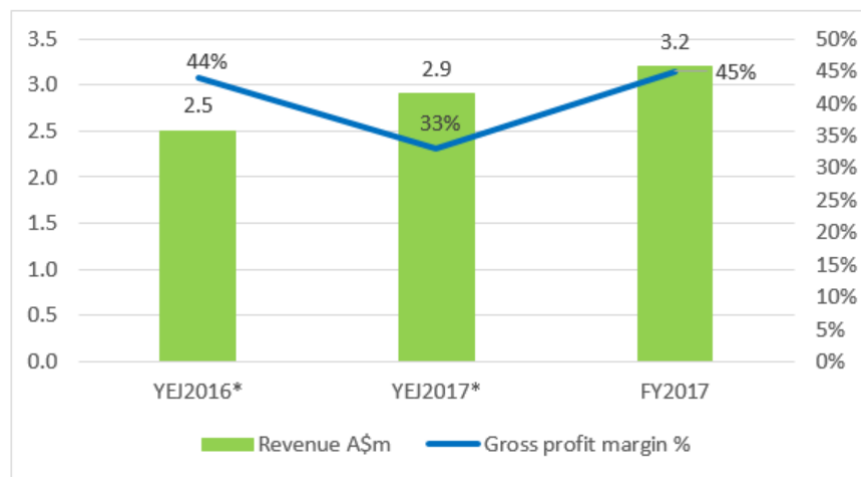


Hemp protein



Growth opportunities

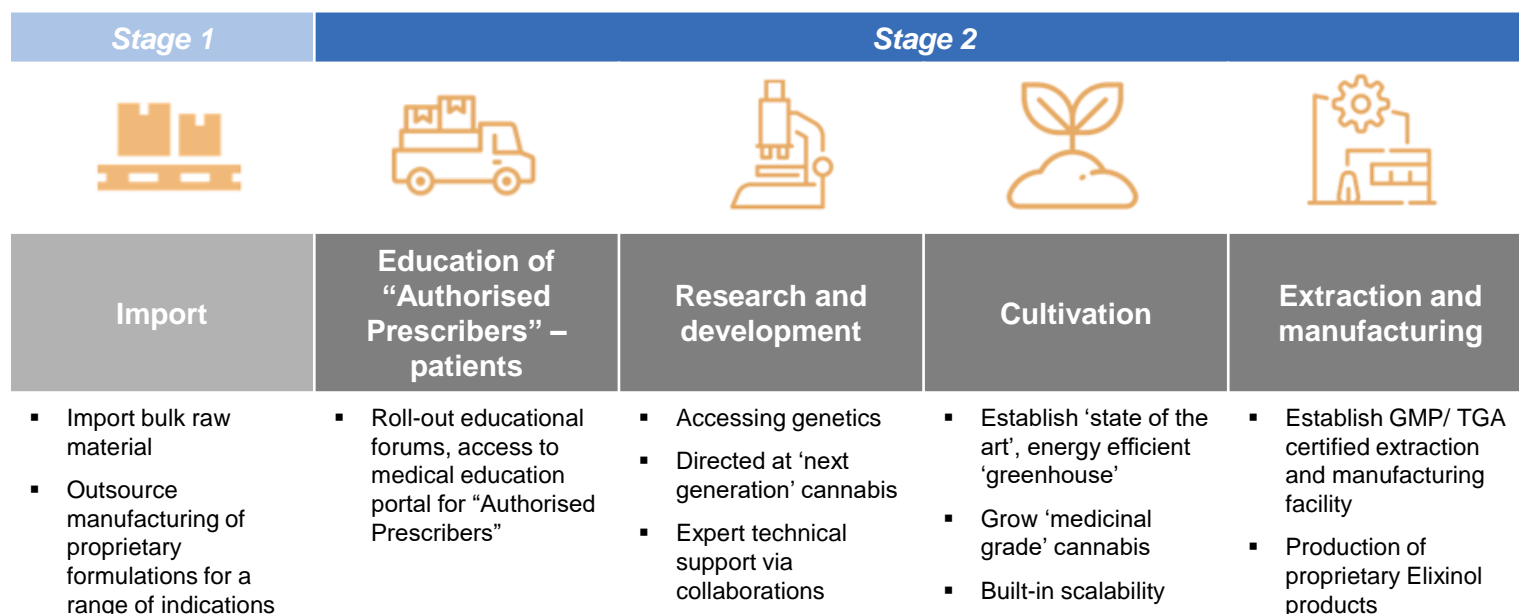
- ✓ Amended legislation to permit sale of hemp food products in Australia and NZ in November 2017
- ✓ Amended legislation enables HFA to increase marketing of its products, gain new customers, introduce new products and brands and expand distribution capabilities, including into grocery chains
- ✓ Ability to leverage economies of scale and seek production efficiencies
- ✓ Highly fragmented industry both in Australia and globally



*Hemp Foods Australia historically reported on a Year Ending June ("YEJ") basis. FY2017 is shown on a calendar year pro forma basis.

Elixinol Australia

Elixinol is currently pursuing licences with the Office of Drug Control's (ODC) Medicinal Cannabis Program whilst running a staged strategy to build a sustainable business model



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Board & Management

Board and Management

Andrew Duff
Non-Executive Chairman

- Founding Chairman, Cornerstone Health
- Previously CFO/Finance Director, Primary Health Care Ltd
- Unique operational experience of strategy execution in a growing scalable business

Paul Benhaim
*Chief Executive Officer
and Executive Director*

- Co-Founder of Elixinol USA, Elixinol AUS and Hemp Foods Australia
- Globally recognised authority on hemp cultivation, extraction and product development, with over 25 years experience in the industrial hemp industry
- Author of nine books on industrial hemp and is a regular speaker at industrial hemp conferences

Linda McLeod
*Managing Director, Elixinol
Global & Elixinol Australia*

- Joined Elixinol in 2017
- Over 30 years in business advisory, corporate finance, private equity and venture capital
- Significant experience across a range of industries including healthcare, biotechnology and agriculture

Stratos Karousos
Non-Executive Director

- Joined Elixinol in 2017
- Extensive experience in mergers and acquisitions, equity capital markets, corporate restructuring, private equity transactions, JVs, and corporate governance in various sectors, including health and agriculture

Ron Dufficy
*Chief Financial Officer and
Company Secretary*

- Joined Elixinol in 2017
- Senior finance executive having held various financial leadership roles with ASX-listed blue chip companies, including CSR Ltd and Aristocrat Leisure Ltd
- Significant experience of working in regulated markets internationally, based in the USA for nine years

Gabriel Ettenson
*General Manager, Elixinol
USA*

- Co-Founder of Elixinol USA, represents Elixinol in the Hemp Industry Association and the European Industrial Hemp Association
- Active member in the Hemp Roundtable Group, a leading industry group pushing the most progressive hemp legislation forward in the United States

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Financial Information

Income Statement

For the year ending 31 December 2017

(AU\$'000)	Pro forma ¹					Prospectus
	Elixinol USA	Elixinol AUS	Hemp Foods Australia	Elixinol Global ²	Elixinol Group FY2017	Elixinol Group FY2017
Revenue	13,269	-	3,203	-	16,472	15,458
Cost of goods sold	4,207	-	1,765	-	5,972	5,912
Gross Profit	9,062	-	1,438	-	10,500	9,545
GP%	68%	-	45%	-	64%	62%
Other income	241	-	192	-	433	196
Operating expenses	6,815	392	2,243	1,463	10,913	9,946
EBITDA	2,488	(392)	(613)	(1,463)	20	(205)
Finance costs	-	-	-	-	-	12
Depreciation	89	-	176	-	265	268
Acquisition amortisation	1,132	-	164	-	1,296	336
Profit before tax	1,267	(392)	(953)	(1,463)	(1,541)	(821)
Tax expense	336	-	-	-	336	715
Profit after tax	931	(392)	(953)	(1,463)	(1,877)	(1,535)

Commentary on Pro forma results

- Revenue of \$16.5m up 62% vs FY2016 exceeding prospectus forecast by 7%
- Gross profit improved to 64% exceeding prospectus forecast by 2%
- Elixinol USA EBITDA exceeding prospectus forecast by 12%
- Positive Group EBITDA exceeding prospectus forecast by \$225k
- Acquired intangibles accounted for on a provisional basis

Financial Information

As at 31 December 2017 (AU\$'000)	Statutory
Current assets	
Cash and cash equivalents	18,834
Trade and other receivables	1,211
Inventories	2,470
Other	816
Total current assets	23,331
Non-current assets	
Property, plant and equipment	1,064
Goodwill	72,635
Other intangibles	6,487
Deferred tax	83
Total non-current assets	80,269
Total assets	103,600
Current liabilities	
Trade and other payables	(1,259)
Borrowings	(38)
Income tax	(206)
Provisions	(60)
Other	(894)
Total current liabilities	(2,457)
Non-current liabilities	
Borrowings	(250)
Deferred tax	(1,714)
Provisions	(90)
Total non-current liabilities	(2,054)
Total liabilities	(4,511)
Net assets	99,089
Equity	
Issued capital	101,800
Accumulated losses	(2,711)
Total equity	99,089

Commentary

- \$18.8m cash on hand to fund entry into the Australian Medical Cannabis market and other growth initiatives
- Goodwill created upon formation of equity settled business combination effective 27 December 2017 (provisional basis)
- Non-cash deferred tax liability associated with amortisation of acquired intangibles
- Materially debt free
- Strong balance sheet

Cash Flow

For period ending 31 Dec 2017 (A\$'000)	Pro forma
Profit before tax	(1,541)
Depreciation	265
Acquisition amortisation	1,296
Share of (loss)/profit of associates	44
Changes in working capital	(600)
Income tax paid	(636)
Operating cash flows	(1,172)
Capital expenditure	(475)
Net cash flow before financing	(1,647)
Proceeds from the Offer	20,000
Payment to existing shareholders	-
Offer costs	(3,744)
Net cash flow after financing	14,609

Commentary

- Positive pro forma Group EBITDA
- Working capital growth mostly attributed to
 - increased inventories of \$1.1m
 - increased receivables of \$0.4m offset by higher trade and other payables \$0.6m
- Offer costs \$0.2m below forecast

Corporate Structure

Capital Structure

Elixinol has \$18.8m cash on hand and is materially debt free at December 2017

Capital Structure

Feb-18	
Key Statistics	
Fully Diluted Shares Outstanding (FDSO)	102,928,540
Last Close, 26 February 2018	1.48
Market Capitalisation (\$'m)	152.3
<i>Deduct</i> Cash as at 31 December 2017	(18.8)
<i>Add</i> Debt	0.3
Implied Enterprise Value (\$'m)	133.8

Commentary

- 77.9m shares are restricted for 24 months from the date of IPO
- 52,559 shares are restricted for 12 months until 27 December 2018
- Strong balance sheet to target synergistic opportunities

Corporate Structure

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Appendix

Income Statement - Statutory

Income Statement

(AU\$'000)	Statutory
Revenue	-
Cost of goods sold	-
Gross Profit	-
GP%	-
Other income	-
Operating expenses	2,718
EBITDA	(2,718)
Finance costs	(2)
Depreciation	4
Acquisition amortisation	13
Profit before tax	(2,733)
Tax expense	(22)
Profit after tax	(2,711)

Commentary

- Entities were acquired 27 December 2017
- Includes trading activities for only a 4 day period when operations were closed
- Includes IPO Offer costs incurred by parent company