**ASX ANNOUNCEMENT**

Q1 Activities Review and Appendix 4C

30 April 2024: Elixinol Wellness Ltd (ASX:EXL) (“EXL”, “Elixinol”, “Company” or “Group”), a producer, manufacturer and distributor of premium hemp and plant-based nutrition, skincare, and nutraceutical products, is pleased to report its Quarterly Activities Review and Appendix 4C for the three months ending 31 March 2024 (“Q1 FY24” or the “Quarter”).

Highlights

- **Compelling Q1 FY24 performance:** Group revenue climbed 76% to \$3.0M during Q1, up from \$1.7M a year ago and \$2.6M in Q4. This is the Group’s sixth consecutive quarter of revenue growth.
- **Expanded brand portfolio delivering impressive results:** Australian revenue jumped 140% to \$2.5m compared with the same period last year (Q1 FY23) boosted by EXL’s expanded Australian portfolio.
- **Completion of highly complementary Ananda Food acquisition:** Following a successful \$3.16M rights issue, the Company purchased Ananda Food Pty Ltd (**Ananda**). The acquisition cements EXL’s leadership in the Australian hemp market, improves unit economics, and adds highly complementary products to the Company’s product range.
- **Americas makes positive contribution to Group EBITDA.** Transition to a lean eCommerce business is complete. Although revenue dipped in Q1, a return to FY23 levels is expected over the remainder of the year (Q1 FY24: \$536,000, Q3 FY23: \$690,000 and Q1 FY23: \$686,000).
- **Continued focus on costs:** The Group’s leaner cost structure continues to yield savings with net cash used in operations (ex one-off costs) of \$0.2M in Q1 FY24, down from \$0.7M in Q1 FY23 and \$1.5M a year ago. Benefits of additional scale and ~\$1M worth of synergies from the Ananda purchase are anticipated over the next 12 months.
- **Divestment of EXL’s minority stake in Altmed Pet LLC (Pet Releaf).** Sale proceeds of ~\$ 2.3M in Q2 FY24.
- **On course to reach break-even EBITDA breakeven from mid-2024.** Reconfirming sales guidance of \$16M- \$20M for the full year.

Quarter Performance

Q1 FY24 Group revenue of \$3.0m was 15% ahead of the previous quarter (Q4 FY23: \$2.6m), and 76% higher than Q1 FY23. This is the 6th consecutive quarter that the Group has delivered revenue growth.

Record Australian revenue

EXL's Australian business started 2024 on a strong note posting record revenue of \$2.5M during the quarter (Q4 FY23: \$1,943,000 and Q1 FY23: \$1,041,000). With an expanded house of brands and Hemp Foods Australia (HFA) up 25% on a full year basis, the Group is on course to reach break-even EBITDA by H2 FY24.

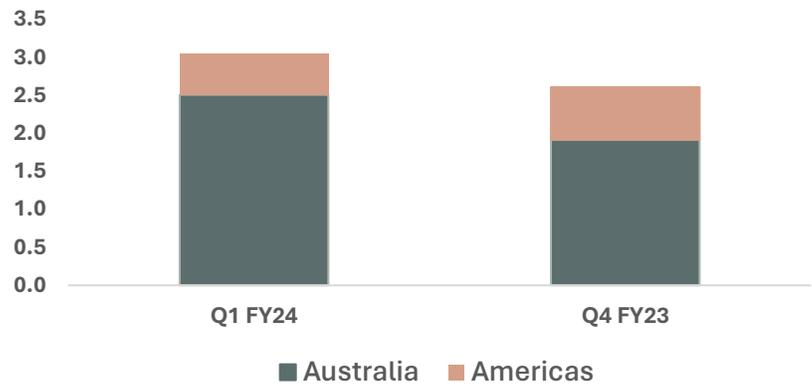
The continued success of Hemp Foods Australia's functional seed mix range in Coles and strong promotional activity in Costco, were the main drivers of HFA's success in Q1. HFA's new range of functional capsule and plant-based collagen at www.chemistwarehouse.com.au are expected to supplement Q2 sales along with range extensions and new product launches across the health food channel nationally.

Mount Elephant also continued strong growth in Woolworths, with a 94% increase in sales year-on-year. Expanded national distribution, growing customer loyalty, and e-comm penetration above the category average, all suggest that this innovative range is gaining traction.

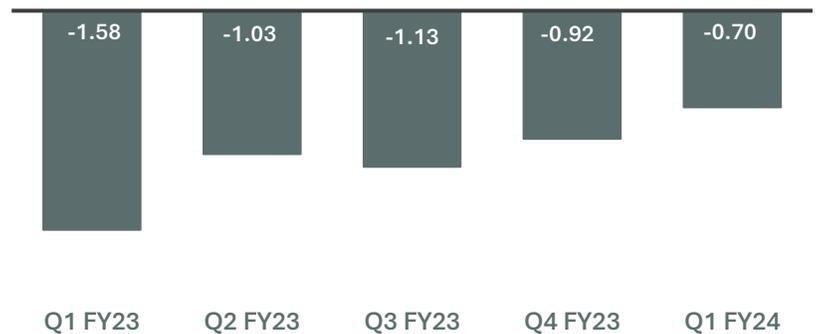
After almost two years of national availability in Woolworths, four wholefood Mt Elephant products are available in 800 Coles stores from April 2024.



Group Revenue (\$M)



Adjusted EBITDA* (\$M)



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

Americas make positive EBITDA contribution

Following the successful transition to a lean eCommerce model, the Americas is finally making a positive contribution to Group EBITDA. After a soft start to FY24, revenue is expected to recover to FY23 levels (Q1 FY24: \$536,000, Q3 FY23: \$690,000 and Q1 FY23: \$686,000) as promotional activity picks up. The Company will continue with this slimmed down eCommerce model while monitoring regulatory developments in the US.

Non-executive Chair, David Fenlon, commented: "We are delighted with the headway made during Q1. With record Australian based revenue and improved EBITDA, the Company is on track to achieve profitability in FY24."

Ananda Food acquisition

Following a successful, fully underwritten, \$3.16M rights issue, the Company purchased Ananda Food Pty Ltd (Ananda) at the end of Q1.

Cash and performance based earn-out

The deal was structured as a cash payment of \$2,000,000 and deferred cash consideration up to maximum value of \$1,000,000 subject to KPIs based on the performance of the Ananda Food business for the period ending 30 June 2025. The upfront cash payment represents a 0.95x CY23 Revenue and 0.78x CY24 Revenue assuming all earn-out metrics are achieved.

Cements EXL as hemp market leader

Completing this highly complementary acquisition cements EXL's leadership position in the Australian hemp market. Additional scale and operational synergies also improve EXL's unit economics through improved yields, asset utilisation and the sale of by-products. Anticipated synergy benefits over the next 12 months are expected to be in the region of \$1M, while complementary products are projected to accelerate sales through additional cross-selling opportunities.

Divestment of Pet Releaf

In late February 2024, EXL announced a binding agreement to sell its minority stake in in Altmed Pets, LLC (Pet Releaf). EXL expects to realise approximately \$2.3M from this sale. Proceeds are due in the next few weeks and will be applied to advance EXL's core Australian business.

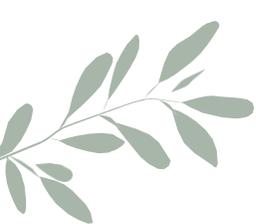


Summary of Cash Receipts and Outflows

Cash receipts of \$2.99M were recorded in Q1 FY24, \$384K more than Q4 FY23 (\$2.56M), and \$1.2M more than Q1 FY23 before the TSN acquisition.

Net cash used in operating activities (ex non-recurring items) of \$200K during the quarter was significantly lower than Q4's \$700K spend, and a fraction of EXL's \$1.5M cash burn a year ago. This expenditure was deployed to support revenue generation through inventory investment, product development, brand building, and the expansion of retail distribution (especially in Australia). Expenditures across EXL's business segments consisted of Americas \$0.6M, Australia \$2.1M and Corporate \$0.3M.

Although transition costs and inventory purchases will likely inflate operational cash requirements in Q2, further declines are anticipated throughout FY24 as the Company approaches break-even EBITDA and operational synergies from the Ananda acquisition are realised.



Cash Balance

As of 31 March 2024, EXL had available funding of \$1.9m, post payment for Ananda. This balance comprises \$1.7m cash and \$0.2m of undrawn available finance, which provides early access to trade debtors and assists in funding inventory purchases.

Related Party Statement

In accordance with Listing Rule 4.7C.3 payments to related parties of \$100,000 were made during Q1 in line with Q4 FY23 payments. These payments comprise Non-Executive Director fees and payments to the Group Managing Director and CEO.

At the end of the quarter, EXL's Managing Director and Group CEO, Ron Dufficy, stepped down having successfully completed The Sustainable Nutrition Group Ltd (TSN) and Ananda Food acquisitions.

EXL's Non-Executive Directors will perform additional duties until the Company recruits a new CEO. Meanwhile, veteran FMCG professional and marketing executive, Natalie Butler, has joined the Board as an Executive Director.

Authorised for release by the EXL Board of the Company.

For further information, please contact:

David Fenlon, Non-executive Chair
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Pauline Gately, Non-executive Director
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Note to market

None of the information included in this announcement should be considered individually material, unless specifically stated. All figures in this announcement are provided on an unaudited basis. This Company presentation may include certain statements, estimates or projections with respect to the anticipated future performance of the Group, and any ongoing or future projects or both. Those statements, estimates or projections are based on assumptions about future events and management actions that may not necessarily take place and are subject to significant uncertainties, many of which are outside the control of the Company. Those assumptions may, or may not, prove correct. No representation is made as to the accuracy of those statements, estimates or projections



About Elixinol Wellness

Elixinol Wellness Limited (ASX: EXL) is a leader in the global hemp industry, innovating, marketing, and selling hemp and other plant-derived food, skincare, and nutraceutical products:

- In Australia, Elixinol Wellness operates a vertically integrated business which produces, manufactures, and distributes a range of highly complementary products delivered across four verticals – human nutrition, human wellness, pet wellness and superfood ingredients. We help our customers feel better by providing delicious, nutritious, and convenient health products, which improve and enrich our customers' lives. These products are sold under brands including Hemp Foods Australia, Mt Elephant, Ananda Food, Soul Seed and Field Day, and are sold through grocery, wholesale, and e-commerce channels. The Australian Superfood Co supplies Australian natives and superfood ingredients to white label customers as well as food, beverage, and beauty manufacturers.
- In the Americas, innovating, marketing, and selling high quality Elixinol branded hemp and other plant-derived nutraceutical and skincare products based in Colorado, USA.
- In the United Kingdom, Japan, Brazil, Mexico and South Africa, branded hemp and other plant-derived products are available to consumers via exclusive distribution and/or trademark and know-how licensing agreements.

See more at www.elixinolwellness.com

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Elixinol Wellness Limited

ABN

34 621 479 794

Quarter ended ("current quarter")

31 March 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,944	2,944
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,784)	(1,784)
(c) advertising and marketing	(195)	(195)
(d) leased assets	74	74
(e) staff costs	(759)	(759)
(f) administration and corporate costs	(524)	(524)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	4
1.5 Interest and other costs of finance paid	(36)	(36)
1.6 Income taxes paid/(received)	(1)	(1)
1.7 Government grants and tax incentives	-	-
1.8 Other – non recurring	-	-
1.9 Net cash from / (used in) operating activities	(277)	(277)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(g) entities	-	-
(h) businesses	(2,000)	(2,000)
(i) property, plant and equipment	(12)	(12)
(j) investments	-	-
(k) intellectual property	-	-
(l) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	153	153
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Cash acquired on equity settled business combination	200	200
2.6	Net cash from / (used in) investing activities	(1,659)	(1,659)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,164	3,164
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(217)	(217)
3.5	Proceeds from borrowings	240	240
3.6	Repayment of borrowings	(203)	(203)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other	-	-
3.10	Net cash from / (used in) financing activities	2,984	2,984

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	708	708
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(277)	(277)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,659)	(1,659)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,984	2,984
4.5	Effect of movement in exchange rates on cash held	(7)	(7)
4.6	Cash and cash equivalents at end of period	1,749	1,749

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,749	708
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,749	708

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	100
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	699	561
7.4 Total financing facilities		-
7.5 Unused financing facilities available at quarter end		138
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	<p>A Trade Debtor Finance facility of up to \$1,500,000 and \$300,000 for Trade finance was established with Scottish Pacific Business Finance Pty Ltd ("ScotPac"), the largest non-bank business lender in Australia on 20 December 2023. As at 31 March 2024, \$561,187 was drawdown against this facility and the total amount available to drawdown was \$699,000.</p>	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(277)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,749
8.3 Unused finance facilities available at quarter end (item 7.5)	138
8.4 Total available funding (item 8.2 + item 8.3)	1,887
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	6.8
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	<p>N/A</p>
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	<p>N/A</p>
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	<p>N/A</p>
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: ...30 April 2024.....

Authorised by: ...The Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.