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ASX ANNOUNCEMENT

Strategic Acquisition of The Healthy Chef & Capital Raise

HIGHLIGHTS

- Elixinol Wellness Ltd has signed a binding Business Sale Agreement to acquire The Healthy Chef, a premium lifestyle brand offering clean nutrition for women's health, inner beauty, and wellbeing.
- The acquisition adds a comprehensive branded business that is expected to 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.
- The acquisition advances Elixinol's path to positive cash flow and EBITDA expansion, supported by diversified revenue streams aligned with the Company's core principles of sustainable nutrition.
- Elixinol Wellness has received commitments for approximately A\$1.1 million through an institutional Placement which received strong support from new and existing institutional and sophisticated investors.
- The SPP offers existing eligible shareholders the opportunity to participate on the same terms as Placement participants to raise up to an additional A\$0.5 million.
- Proceeds from the Placement and SPP will fund the Acquisition and provide additional working capital to drive growth .

3 October 2024, Melbourne: Elixinol Wellness Ltd (ASX: EXL) ("**EXL**," "**Elixinol**," or "the **Company**") is pleased to announce that it has entered into a binding Business Sale Agreement ("**Business Sale Agreement**") to acquire 100% of the assets ("**Acquisition**") of The Healthy Chef Pty Ltd, Healthy Chef Stock & Research Development, and EHealth And Wellbeing Pty Ltd ("**Healthy Chef**," or "**Healthy Chef Trading Entities**").

The Company has secured commitments for a capital raise through a A\$1.1 million institutional Placement of up to approximately 244 million new fully paid ordinary shares in EXL ("**Placement**"), and is launching a non-underwritten Share Purchase Plan ("**SPP**") of up to a maximum of A\$0.5 million by the issue of up to approximately 111 million new fully paid ordinary shares in EXL ("**Capital Raising**"). These funds will be used to complete the Acquisition and support EXL with additional marketing investment and working capital to drive near term growth initiatives.

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Healthy Chef Acquisition

The Healthy Chef was founded in Australia in 2006 by Teresa Cutter, a nutritionist, wellness coach and celebrity chef. The brand reflects, her belief that wholefood nutrition is essential for optimal health, fitness, and wellbeing.

Healthy Chef® is a premium lifestyle brand providing clean nutrition for women's health, inner beauty, and wellbeing. Its comprehensive portfolio of 28 products targets high-demand segments, including weight loss, health and fitness, stress, sleep, menopause, and immunity. Over the past 18 years, Healthy Chef has developed a loyal customer base in Australia and built a rich library of product innovation, digital content, and intellectual property.

Elixinol is acquiring The Healthy Chef business, including its assets (such as intellectual property) and stock as a going concern.

David Fenlon, EXL's Non-executive Chair, commented:

"We are thrilled to announce the acquisition of The Healthy Chef, which represents a strategic catalyst for our growth ambitions. This acquisition is expected to be margin accretive with synergies and cost savings projected to significantly improve Group gross margins. Additionally, it offers substantial growth potential in untapped consumer segments. We are delighted to welcome Teresa Cutter as a global brand ambassador, and look forward to working closely with her to unlock the full potential of The Healthy Chef brand."

Further information about The Healthy Chef is contained at the end of this ASX Announcement and in the supplementary Investor Presentation.

Acquisition Rationale

EXL is building a profitable 'House of Brands' in clean nutrition, achieving record revenues, strong growth, and category leadership in Australia, with the USA identified as the next growth horizon.

The Acquisition provides EXL with a cornerstone branded business that is:

- Highly complementary to the existing brand portfolio;
- Immediate revenue growth, cost synergies, and positive EBITDA contribution;
- A 62% gross margin in FY24, forecast to increase blended Group margins;
- Expanded scale to optimise returns and reduce risk;
- Leverage of the existing team, infrastructure, and distribution channels; and
- Strong appeal in the U.S. wellness market with IP protection and a licencing agreement.

Business Sale Agreement

The transaction is structured so that, in addition to the initial cash consideration, a substantial portion of the deferred payments will be based on gross profits generated by The Healthy Chef business, alongside the synergistic benefits from existing EXL operations.

The total consideration ("**Purchase Price**") under the Business Sale Agreement will range between A\$3.1 million and A\$5.5 million, with the final amount determined on 1 March 2028 ("**Final Settlement**"). The Purchase Price will be calculated on a sliding scale, with a minimum of \$3.1 million and a maximum of \$5.5 million if Healthy Chef generates over \$10.0 million in gross revenue in FY27.

Payment of Consideration:

100 million fully paid ordinary shares in EXL to the value of A\$400,000 ("**Consideration Shares**"), calculated at a 30-day VWAP on 10 September 2024 of \$0.004, subject to shareholder approval and under 12 months escrow period.

Deferred Consideration Payment

The first two Deferred Consideration Amounts (outlined below) will be paid to the Healthy Chef (HC) Trust on the Deferred Consideration Payment Dates in the following proportions:

- a) A\$600,000 in cash ("**Initial Cash Consideration**") at closing of the transaction ("**Completion**");
- b) A\$450,000 in cash on the 1st annual anniversary of Completion ("**First Deferral Payment**");
- c) A\$600,000 in cash on the 2nd annual anniversary of Completion ("**Second Deferral Payment**");
- d) Remainder of the Purchase Price in cash on Final Settlement date ("**Final Deferred Payment**").

The third and final Deferred Payment (**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.

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.

If FY27 Revenue exceeds \$6,000,000, the Final Deferred Payment will be \$2,300,000 plus 25% of Revenue over \$6,000,000 up to the maximum Purchase Price of \$5,900,000, meaning a Total Purchase Price of between \$4,350,001 and \$5,500,000

Under the Business Sale Agreement, EXL Shareholders must approve the issue of the Consideration Shares. In the event EXL is unable to secure the requisite shareholder approval to issue the Consideration Shares in accordance with ASX Listing 7.1, ., EXL will pay The Healthy Chef the cash equivalent of the Consideration Shares (A\$400,000). The Consideration Shares will be subject to a voluntary 12-month escrow period.

At Completion, Elixinol will engage Healthy Chef's founder, Teresa Cutter, as a consultant for three years, with an option to extend for another three years, providing services such as global brand ambassadorship, and product and recipe development.

A summary of the material terms of the Business Sale Agreement is appended to this ASX Announcement at **Schedule 1**.

Capital Raising

Placement

EXL has secured commitments for an institutional Placement to raise A\$1.1 million through the issue of approximately 244 million new fully paid ordinary shares ("**New Shares**"). The New Shares under the Placement are being issued under the Company's available placement capacity under ASX Listing Rules 7.1 and 7.1A.

The single-tranche Placement priced at A\$0.0045 per New Share ("**Placement Price**"), was not underwritten and represents a 10.0% discount to the last close and 6.9% 10-day VWAP.

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

Canaccord Genuity (Australia) Limited is the lead manager for the Capital Raising.

Share Purchase Plan (SPP)

The Company is offering eligible shareholders in Australia and New Zealand (as at the record date of 7.00pm on 2 October 2024) the opportunity to subscribe for approximately 111 million New Shares under a non-underwritten SPP, capped at A\$0.5 million.

The SPP will be offered at an issue price of A\$0.0045 per New Share. For every three (3) New Shares subscribed for in the SPP, **participants will receive one (1) free attaching listed option**, to

be issued under the same existing ASX listed option EXLO. The **Attaching Options have an exercise price of A\$0.0075 expiring on 22 March 2027.**

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

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

Further details regarding the SPP will be made available to eligible shareholders in the Prospectus to be lodged with ASIC and ASX on or around 7 October 2024, despatch (in hard copy or by electronic link) expected around 10 October 2024.

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

Indicative Key Dates*

Record Date	Wednesday 2 October 2024 (7 pm)
SPP and Placement Announcement	Thursday 3 October 2024
Company resumes trading	Friday 4 October 2024
Lodgement of Prospectus with ASX and ASIC	Monday 7 October 2024
Despatch of Prospectus and SPP Offer opens	Thursday 10 October 2024
Closing of SPP Offer	Friday 25 October 2024 (5 pm)
Allotment and issue of New Shares under SPP Offer	Thursday 21 November 2024

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

Authorised for release by the Board of Directors of Elixinol Wellness Limited.

For further information, please contact:

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For more information visit Elixinol Wellness Investor Hub: <https://investorhub.elixinolwellness.com>

About Elixinol Wellness

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

In Australia, Elixinol Wellness operates a vertically integrated business which produces, manufactures, and distributes a range of highly complementary products delivered across four verticals – human nutrition, human wellness, pet wellness and superfood ingredients. These products are sold under brands including Hemp Foods Australia, Mt Elephant, Ananda Food, Soul Seed, and Field Day and are sold through grocery, wholesale, and e-commerce channels. The Australian Superfood Co also supplies Australian natives and superfood ingredients to white label customers as well as food, beverage, and beauty manufacturers.

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

About The Healthy Chef

The Healthy Chef is a premium producer of wellness and health products under the brand Healthy Chef® with a loyal customer base in Australia and significant library of product innovation, content and intellectual property generated over 18 years.

Healthy Chef® was founded in 2006 by Teresa Cutter, a nutritionist, wellness coach and chef, who believes wholefood nutrition is essential for optimal health, fitness, and wellbeing. The brand has over a decade of earned brand goodwill with trusted reputation for quality products, meaningful engagement with the community, strong social currency, and media exposure.

The Healthy Chef® premium range of functional food products are proudly made in Australia from the purest wholefood ingredients with science-based formulations to deliver maximum health impact, and are free from gluten, fillers, gums and sugar without compromising on taste. Healthy Chef® also inspires women to incorporate healthy eating into their everyday lives with a comprehensive collection of cookbooks, meal planning mobile application, blog and extensive social media of rich dynamic content to create a deeper connection with consumers and deliver a powerful brand experience through its direct-to-consumer eCommerce platform and App.

The Healthy Chef® brand has a diverse offering with seamless omnichannel brand touchpoints to connect with women on their personalised health and wellness journey, including:

- **Nutritional Products** - 28 products based on protein, collagen, probiotics, and supplements to provide benefits for weight loss, gut health, stress, sleep, menopause, and immunity.
- **App** - subscription based meal planning App with thousands of interactive healthy recipes.
- **Cookbook series** - 7 cookbooks involving hundreds of hours of creativity in the kitchen and studio production. <https://thehealthychef.com/>

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Disclaimer

Forward looking statements

This document contains certain "forward-looking statements". The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this document are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors that are beyond the control of EXL, its directors and management. This includes statements about market and industry trends, which are based on interpretations of current market conditions.

Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which these statements are based. These statements may assume the success of EXL's business strategies. The success of any of those strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Readers are cautioned not to place undue reliance on forward-looking statements and except as required by law or regulation, none of EXL, its representatives or advisers assumes any obligation to update these forward-looking statements. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this document. The forward-looking statements are based on information available to EXL as at the date of this document. Except as required by law or regulation (including the ASX Listing Rules), none of EXL, its representatives or advisers undertakes any obligation to provide any additional or updated information whether as a result of a change in expectations or assumptions, new information, future events, or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

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Schedule 1 – Key Terms of the Business Sale Agreement

Item	Detail
Healthy Chef Trading Entities	<p>The Healthy Chef Trading Entities comprises of:</p> <ul style="list-style-type: none"> (a) The Healthy Chef Pty Ltd ACN 119 224 654 as trustee for the Healthy Chef Trust; (b) Healthy Chef Stock & Research Development Pty Ltd ACN 105 682 782; and (c) EHealth And Wellbeing Pty Ltd ACN 627 206 491.
Consideration	<ul style="list-style-type: none"> • Initial Cash Consideration: A\$600,000 payable at Completion; • Consideration Shares: Fully paid ordinary shares in the Buyer with an aggregate value of \$400,000 calculated based on the 30-day VWAP on 10 September 2024. • Deferred Consideration Payment: The first two of three Deferred Consideration Amounts will be paid to the HC Trust on the Deferred Consideration Payment Dates in the following proportions: <ul style="list-style-type: none"> – A\$450,000 in cash on the 1st annual anniversary of Completion (First Deferral Payment) – \$600,000 in cash on the 2nd annual anniversary of Completion (Second Deferred Payment) • The third and final Deferred Consideration Payment (Final Deferred Payment) to be calculated on 1 March 2028 (Calculation Date) and paid to the HC Trust in cash within 10 Business Days of the Calculation Date according to the following scale: <ul style="list-style-type: none"> – If the Revenue for the period from 1 January 2027 to 31 December 2027 (FY27 Revenue Period) is less than \$3,500,000 (FY27 Revenue), the Final Deferred Payment will be \$1,050,000 to meet the minimum threshold, meaning the Total Purchase Price is \$3,100,000. – 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 the Total Purchase Price is between \$3,100,001 - \$4,350,000). – If FY27 Revenue exceeds \$6,000,000, the Final Deferred Payment will be \$2,300,000 plus 25% of Revenue over \$6,000,000 up to the maximum Purchase Price of \$5,900,000 (Total Purchase Price = \$4,350,001 - \$5,500,000).
Escrow Arrangement	<p>Consideration Shares to be held in voluntary escrow for 12months following issue.</p>

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Conditions	Completion under the Business Purchase Agreement is subject to a set of customary conditions.
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Key Assets	All of the assets necessary to carry on the Business including the Cutter Family Trust Assets, the Healthy Chef IP, the HC Trust Assets, the HC Stock & Research Assets and the Ehealth & Wellbeing Assets, including:
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- the Business Name;
- the IP Licences;
- the Business Records;
- the Contracts;
- the Goodwill; and
- the Promotional Material.