Elixinol Wellness

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EXL Receives Binding Offer for US Divestment

Highlights

Elixinol Wellness Limited (ASX: EXL) (EXL, Elixinol or the Company) is pleased to announce that its wholly owned subsidiary, Elixinol LLC, has received a binding offer from Ananda Health, Inc. (Ananda Health) to acquire EXL's US business. **The offer provides for headline consideration of A$465,000, comprising upfront and deferred consideration, including a regulatory contingent payment and revenue-based earn-out.** This divestment is expected to reduce EXL's exposure to the evolving US regulatory environment and sharpen its strategic focus on its portfolio of Australian health and wellness brands. The Board considers the transaction a disciplined approach to risk management and capital allocation, enabling EXL to focus its resources on the markets and brands with the strongest opportunities for profitable growth.

Strategic rationale

The regulatory environment for hemp-derived cannabinoid products in the United States continues to evolve, creating uncertainty regarding the future manufacture, formulation and sale of certain products. The US business is not a material contributor to EXL's current operating results and does not represent a significant portion of EXL's net assets.

Against this backdrop, EXL has made the strategic decision to divest its US operations. As an Australian-based company, the Board believes the interests of EXL shareholders are best served by reducing this regulatory exposure and focusing the Company's resources on its portfolio of Australian health and wellness brands.

This transaction will place the Elixinol US business with an established US-based industry participant with vertically integrated manufacturing capabilities and the infrastructure and experience to support the continued development of the business

Commenting on the transaction, EXL CEO Natalie Butler said*, "The decision to divest our US operations reflects the uncertain regulatory environment for hemp-derived products in the United States and our disciplined approach to managing risk and allocating capital*.

As an Australian-based company, we believe the interests of EXL shareholders are best served by reducing this regulatory exposure and focusing our resources on our portfolio of Australian health and wellness brands. Our priority remains driving profitable growth across our Australian portfolio.

Ananda Health would be the natural owner for the US business, with established manufacturing capabilities, market infrastructure and deep experience in the US hemp and wellness sector. We are pleased that Elixinol's US business, its customers and the brand will have the opportunity to continue to develop under Ananda's ownership."

Transaction terms

Under the binding offer, Ananda Health will acquire the assets associated with the Elixinol US business for a headline consideration of A$465,000, subject to some adjustments and deferred consideration mechanisms contained in the Agreement.

The consideration comprises:

- A$250,000 paid to EXL upon completion;
- A$20,000 paid one month following completion;
- A$10,000 reimbursement relating to agreed purchase orders;
- A$50,000 of transition-related costs;
- A potential A$70,000 regulatory contingent payment, subject to the US federal regulatory position during the 12 months following completion; and
- A revenue-based earn-out of up to A$65,000, based on net revenue generated by the US business during the 12 months following completion.

The maximum earn-out becomes payable where net revenue generated by the business during the earn-out period exceeds US $1million.

The regulatory contingent payment reflects current uncertainty surrounding the US federal regulatory framework for hemp-derived cannabinoid products. A$70,000 becomes payable in accordance with the Agreement where regulatory certainty is achieved or where no qualifying adverse regulatory change occurs during the 12-month period after completion.

The transaction includes the assets, goodwill and intellectual property rights required to operate the Elixinol business in the United States. EXL retains its rights to the Elixinol brand and associated intellectual property outside the territory transferred under the Agreement.

Completion and transition

Completion of the transaction is subject to customary conditions, including completion of due diligence and no material adverse change and obtaining the required consents from the loan note holders that hold security over the US business. The transaction will not proceed or complete unless those consents are obtained.

The offer contemplates transitional arrangements to support an orderly transfer of the business, including operational, customer service, marketing and other support for up to six weeks following completion. **Completion is expected in early September 2026, subject to satisfaction or waiver of conditions under the Agreement.**

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Ananda Health commenting on the transaction, Alex Nance, President of Ananda Health, said:

"We are excited by the opportunity to bring Elixinol's US operations into Ananda Health. The acquisition represents a compelling strategic opportunity for two established participants in the US health and wellness market to come together.

"We see considerable potential to build on Elixinol's existing market presence by leveraging Ananda Health's manufacturing capabilities, industry experience and broader operating platform. We have great respect for what the Elixinol team have built, and our focus will be on ensuring continuity for the Elixinol business and its customers, while investing in the brand, product offering and customer experience to position Elixinol for its next phase of growth."

Ananda Health is a vertically integrated health and wellness company that formulates, manufactures and distributes hemp-derived and other plant-based products in the US. Based in Kentucky, the company operates a LEED Platinum manufacturing facility and owns the Ananda Professional and Ananda Wellness brands, with products distributed through pharmacies across the US and direct-to-consumer channels.

Ananda Health also provides contract manufacturing and third-party logistics services, enabling health and wellness brands to source US-made products across a range of formats including gummies, softgels, tinctures and topicals.

For more information about Ananda Health, visit www.anandahealth.com

Authorised for release by the Board of Elixinol Wellness Limited

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About Elixinol Wellness

Elixinol Wellness Limited (ASX: EXL) is a sustainable nutrition and wellness company operating across Australia and the USA. The Company produces, manufactures, and distributes a range of complementary products spanning key verticals including nutrition, wellness, and superfood ingredients.

In Australia, Elixinol Wellness operates a vertically integrated healthy food business. Its major retail brands include The Healthy Chef, Hemp Foods Australia and Mt Elephant, alongside ingredient brands Australian Primary Hemp and The Australian Superfood Co. Products are sold through grocery, wholesale, and e-commerce channels.

To find out more, please visit **www.elixinolwellness.com** or the Elixinol Wellness Investor Hub.