



1. Company details

Name of entity:	Elixinol Wellness Limited
ABN:	34 621 479 794
Reporting period:	For the year ended 31 December 2025
Previous period:	For the year ended 31 December 2024

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 2025.

			\$'000
Revenues from ordinary activities	up	3.6% to	15,500
Loss from ordinary activities after tax attributable to the owners of Elixinol Wellness Limited	up	219.4% to	(5,500)
Loss for the year attributable to the owners of Elixinol Wellness Limited	up	219.4% to	(5,500)

	2025 Cents	2024 Cents
Basic loss per share	(2.15)	(1.11)
Diluted loss per share	(2.15)	(1.11)

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 \$5,500,000 (31 December 2024: \$1,722,000).

3. Net tangible assets

	2025 Cents	2024 Cents
Net tangible assets per ordinary security	<u>(0.36)</u>	<u>0.13</u>

Calculated as follows:

	2025 \$'000	Group 2024 \$'000
Net assets	7,452	10,026
Less: Right-of-use assets	(348)	(265)
Less: Intangibles	(5,150)	(6,177)
Less: Deferred tax assets	(3,793)	(3,590)
Add: Lease liabilities	369	283
Net tangible assets	<u>(1,470)</u>	<u>277</u>

Total shares issued (no.)	<u>413,987,731</u>	<u>220,820,137</u>
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4. Control gained over entities

Not applicable.

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

Not applicable.

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 have been audited and an unmodified opinion has been issued.

11. Attachments

Details of attachments (if any):

The Annual Report of Elixinol Wellness Limited for the year ended 31 December 2025 is attached.

12. Signed

Authorised for release by the Board of Directors

A handwritten signature in black ink, appearing to read 'Gavin Evans'.

Gavin Evans
Independent Non-Executive Director and Chair
27 February 2026



Elixinol Wellness Limited

ABN 34 621 479 794

Annual Report - 31 December 2025

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A Sustainable Nutrition Company

**We create clean & healthy
products and ingredients that
improve our customers' lives.**

Elixinol Wellness Limited (ASX: EXL) is a leading global health and wellness company, innovating, marketing, and selling hemp and other nutraceutical products. In Australia and the USA, Elixinol Wellness operates a vertically integrated business producing, manufacturing, and distributing a range of complementary products across key verticals – including nutrition, wellness and superfood ingredients. These products are sold under brands including Hemp Foods Australia, The Healthy Chef, Mt Elephant and The Australian Superfood Co, through grocery, wholesale, and e-commerce channels. Elixinol USA sells high quality Elixinol branded hemp and nutraceutical products.

To find out more, please visit www.elixinolwellness.com or the Elixinol Wellness Investor Hub <https://investorhub.elixinolwellness.com>



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Chairman's Report



“Elixinol Wellness is building a leadership position as a trusted supplier in the health & wellness segment, and we are excited about opportunities for both organic and inorganic growth moving forward.”



Dear Shareholders

On behalf of Elixinol Wellness Ltd, I am pleased to present the Chairman's Report for the year ending 31 December 2025. I was appointed Chairman of Elixinol Wellness on 2 December 2025 at a pivotal time for the Company, having advised the business and supported its capital raise through the second half of 2025. The Board and management had already commenced an important reset of the business, and I was able to assist in accelerating and successfully executing that reset. This was achieved by responding to a challenging operating environment with decisive action to stabilise performance, restore financial discipline and reposition the Group for sustainable growth.

Since my appointment, I have worked closely with the Board and management to review strategy, capital allocation and operational execution. It has been clear that while the Company faced significant headwinds, it also possessed valuable brands, strong consumer demand in high-growth wellness categories, and a substantial opportunity to rebuild profitability through sharper focus, cost discipline and innovation.

The past year has therefore been one of transformation, moving from survival to stability, and now toward scalable growth. The actions taken in the second half of FY25 have laid the foundation for a more resilient, higher-margin and more predictable business, positioning Elixinol to create long-term value for shareholders.

Transformational Progress

FY25 marked a transformational year for Elixinol Wellness as the Group completed a deliberate reset of its operating model, sharpened its strategic focus, and laid the foundations for sustainable profitability. We now operate a more disciplined, capital-efficient and diversified business across Australia and the United States, spanning nutrition, wellness, superfood ingredients and hemp-based nutraceuticals.

The Group made substantial progress in repositioning itself toward higher-margin categories and channels. Our e-commerce platform, led by The Healthy Chef, delivered strong growth, supported by product innovation in high-demand wellness and protein categories. At the same time, Elixinol re-established its position as a trusted supplier of hemp products to major Australian retailers, reinforcing the strength and credibility of our brands in regulated markets.

This strategic repositioning was supported by a comprehensive reduction in our cost base. Operating expenses were reduced by approximately 30% in Q4 FY25 compared to the prior corresponding period, creating a structurally leaner organisation with a materially lower cash burn. As a result, the business delivered underlying operating cash flow positive for the quarter — an important milestone in the Company's return to financial sustainability.

The outcome is a streamlined and focused Group with improved margins, a lower cost base, and a clear path to profitability.

Revising The Healthy Chef Terms strengthens our position

In December 2025, we were able to agree revised terms with the Vendors of The Healthy Chef (THC). These amended acquisition terms were negotiated following the withdrawal of its former US distribution partner. The revised structure strengthens the Company's balance sheet, supports cash flow and enables sharper capital allocation to markets with the strongest return potential.

At acquisition in October 2024, The Healthy Chef had a US distribution agreement that included contracted minimum revenues. Following the partner's decision to exit the agreement, the expected contribution from the US market fell away.

Elixinol has worked closely with the sellers, who remain committed shareholders, to reshape the earn-out to reflect these changed conditions. The sellers have agreed to reduce future earnout payments by A\$1 million. The revised terms materially reduce future liabilities, enhance liquidity and position Elixinol to invest in initiatives with higher certainty and stronger margin profiles.

What is really encouraging for me as Chair, is that having worked through that negotiation with the sellers, we move forward with a really strong relationship. We have shared enthusiasm and aligned financial interests in growing the THC brand profitably in future years. As noted in this report and our recent Investor Presentations, The Healthy Chef is a key driver of our growth and margin enhancement strategy.

Partnerships and Major Milestones

During FY25, Elixinol strengthened its position with key retail and strategic partners. In Australia, we re-established our leadership as a trusted hemp supplier, with improved retail distribution and a simplified SKU strategy designed to improve sell-through and margins.



A major highlight was the deepening of our partnership with Coles through Mt. Elephant. Innovation developed in collaboration includes world-first sustainable packaging formats and cross-category product collaborations — has validated the strength of our brands and our ability to drive growth for retailers in a more competitive retail environment. This innovation will be seen on shelves in the 1st half of 2026.

The Healthy Chef continued to emerge as a category innovator, particularly in functional protein water — the fastest-growing segment of the protein market. With three premium functional protein water products now in market, The Healthy Chef is well positioned at the intersection of hydration, protein and wellness, capturing consumers seeking lighter, cleaner and more convenient nutrition.

We also launched Metabolic Burn, targeting the growing metabolic health market. With around 400,000 to 500,000 Australians currently using GLP-1 medications — and many more actively seeking alternatives — Metabolic Burn provides a TGA-regulated, clinically informed bridge for consumers before, instead of, or alongside pharmaceutical solutions. This positions Elixinol at the forefront of a rapidly expanding wellness segment.

Financial Performance and Capital Raising

Elixinol delivered improved underlying financial performance in FY25, underpinned by revenue growth, margin improvement and significant cost reductions.

Fourth quarter FY25 revenue was \$4.1 million, representing a 9.5% increase on the prior quarter, reflecting both seasonal strength and improved execution. For the full year, revenue reached \$15.5 million, up 3.6% year-on-year.

Importantly, gross margins improved due to a deliberate shift toward higher-margin products and channels, particularly e-commerce and premium functional nutrition. The Healthy Chef e-commerce sales grew 42% in Q4 FY25 compared to Q4 FY24, demonstrating the success of our focus on digital, direct-to-consumer channels.

The Company also completed a \$1.5 million debt and equity raise in Half 1 and a two-tranche capital raise totalling \$2.5 million in Half 2, strengthening the balance sheet and providing the financial flexibility required to execute our growth strategy. Combined with a significantly reduced operating cost base and positive underlying operating cash flow in the final quarter, the Group enters FY26 with a far stronger financial footing than in prior years.

It is important to note, that while the reported cost base and loss for FY25 increased, a significant factor in that was the additional costs required to effectively integrate the previous Ananda acquisition, as well as the more recent, The Healthy Chef business. Streamlining those operations, closing facilities and reducing duplicate staff was the right approach to build a sustainable platform for growth. That is why we are confident that the underlying financial performance improved throughout FY25. This is evident in the Q4 result.

Leadership Changes

During FY25 the Board oversaw important leadership changes designed to support the Company's next phase of growth. The new executive team brings deep industry experience, brand building and financial discipline, strengthening our ability to execute against strategy and drive shareholder value.

The leadership team is aligned around a clear set of priorities: disciplined capital allocation, profitable growth, stronger brand execution and a relentless focus on shareholder returns. This renewed leadership capability is already reflected in the operational improvements and cultural reset achieved during the year.

Plans for 2026 and Beyond

Looking ahead, the Board is confident that Elixinol is positioned to deliver sustainable growth and improved profitability in FY26 and beyond.

Our immediate priorities are to maintain a structurally lower operating cost base, drive operational efficiency, and continue to improve gross margins. This will create the financial capacity to invest in growth initiatives across our strongest categories.

We will build on our category leadership in functional nutrition, protein and metabolic health, leveraging consumer demand for better-for-you, science-backed and convenient wellness solutions. The Healthy Chef and Mt. Elephant will remain the core pillars of growth as will re-establishing our position as the major supplier of B2B Hemp products. This progress will be supported by innovation, stronger retail partnerships and continued e-commerce expansion.



In parallel, the Company will actively assess value-accretive M&A opportunities that can scale the business, broaden distribution or add complementary product capabilities, while maintaining a disciplined approach to capital deployment.

Our vision is to build a portfolio of premium branded health food assets, with Australian manufacturing capabilities and global growth potential.

FY25 represented a turning point for Elixinol Wellness. The Group has transitioned from a capital-intensive, fragmented model to a focused, margin-led and cash-disciplined business. Revenue growth, margin improvement, a significantly reduced cost base and positive underlying cash flow in Q4 demonstrate that the transformation is delivering tangible results. We need to continue that disciplined cost management and margin focus as we move through 2026.

With strong brands, differentiated products, deepening retail partnerships and a strengthened balance sheet, Elixinol enters FY26 with momentum and a clear strategic direction. The Board remains confident in management's ability to execute the next phase of profitable growth and to deliver long-term value for shareholders.

Gavin Evans
Non-Executive Chairman

For personal

2025 at a Glance

Revenue

\$15.5 million

Cash

\$1.4 million

Business

Positioned to expand following revenue growth and gross margin improvement on a structurally lower cost base.



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 2025 ('**FY25**').

Directors

The Directors of the Company at any time during the year and until the date of this report are:

Mr Gavin Evans, B.Com.

Independent Non-Executive Chair

Appointed 02 December 2025

Mr Gavin Evans is an international business leader with extensive experience across nutrition, wellness, FMCG and high-growth consumer brands. He has a strong track record in building and scaling "better-for-you" platforms, combining strategic clarity with disciplined execution across complex supply chains and competitive retail environments.

As Founder of Openway Food Co, he built the business into a leading better-for-you food platform, guiding it through scale-up acquisitions, expansion into Asian markets, value-creation initiatives and B Corp certification. He has been a proven architect of vertically integrated, category-leading business models, with deep experience in growth execution, brand building and operational transformation.

Earlier in his career, Mr Evans held senior roles in investment banking and capital markets, bringing significant expertise in strategy, M&A, governance and capital management. He maintains strong industry relationships across the supply chain, retail, distribution and investment sectors, supporting sustainable growth and long-term value creation in food and wellness businesses.

Mr Evans holds a Bachelor of Commerce from the University of Melbourne. Mr Evans held no other Australian public company directorships in the last three years.

Special responsibilities: Chair of Remuneration and Nomination Committee and Member of Audit and Risk Committee.

Ms Pauline Gately, GAICD, BA Hons Economics, Graduate Diploma in Law and Financial Study.

Independent Non-Executive Director

Appointed 17 August 2023

Ms Gately 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. Ms Gately is currently Non-executive Chair of Kalgoorlie Gold Mining Ltd (ASX: KAL) and a Non-Executive Director of Pioneer Credit Ltd (ASX:PNC). Former listed company directorships (last 3 years): Ardiden Ltd (ASX: ADV).

Pauline is a Graduate and Member of the Australian Institute of Company Directors (GAICD) and holds a BA Hons Economics and Graduate Diploma in Law and Financial Study.

Special responsibilities: Chair of Audit and Risk Committee and Member of Remuneration and Nomination Committee.

Natalie Butler, B.Bus.

Executive Director and CEO

Appointed Director 28 March 2024, CEO 19 June 2025

Ms Butler brings over a decade of strategic leadership to the table, boasting a proven history of catalysing growth and innovation on both local and global brands. Having previously worked closely with The Sustainable Nutrition Group, Natalie 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 directing major global initiatives with renowned brands within the L'Oréal Group. Her journey underscores her ability to foster connections, drive results and embrace diverse challenges in dynamic environments.

Natalie holds a Bachelor of Business and held no other Australian public company directorships in the last three years.



David Fenlon

Independent Non-Executive Chair Appointed 30 September 2023
 Independent Non-Executive Director (March 2022 to 29 September 2023)
 Resigned 02 December 2025

Company secretary

Ms Melanie Leydin

Company Secretary
 Appointed 1 July 2024.

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. Ms Leydin holds a B.Bus (Acc. Corp Law), CA, FGIA.

Directors meetings

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year and the number of meetings attended by each Director were as follows:

	Directors meetings		Audit and Risk Committee		Remuneration and Nomination Committee	
	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended
Gavin Evans	1	1	-	-	-	-
Pauline Gately	12	12	3	3	1	1
Natalie Butler	12	12	3	3	1	1
David Fenlon	11	11	3	3	1	1

Committees of the Board

The Company has established the following committees of the Board, with membership in the year to 31 December 2025 as noted:

Committee	Membership
Audit & Risk	Pauline Gately (Chair), Gavin Evans, Natalie Butler
Remuneration & Nomination	Gavin Evans (Chair), Pauline Gately, Natalie Butler

Principal activities

The principal activities of the Company during the year comprised the development, sourcing, manufacture and supply of a range of complementary products for health-conscious consumers across four verticals: human nutrition, human wellness, pet wellness and superfood ingredients.

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, 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 FY25, the Company operated exclusively as an e-commerce business.



Results and Dividends

The net loss after tax of the Group for the year ended 31 December 2025 was \$5,500,000.

No dividends were paid, recommended or declared during the year ended 31 December 2025.

Strategic Evolution

The Group also continued its strategic evolution from a US-focused CBD business, during the early growth phase of that category, into a predominantly Australian health and wellness company.

Today, the business operates primarily from Geelong and Melbourne, with a stronger focus on Australian brands and consumers. This repositioning reflects both regulatory realities and the opportunity within the domestic health and wellness market.

Capital Raising Activities

During 2025, Elixinol strengthened its balance sheet through a \$1.5 m combined debt and equity raise and a subsequent two-tranche capital raise totaling \$2.5 m supported by existing shareholders and a number of new investors.

The additional capital has enhanced financial flexibility and supported the Group's operational reset and integration activities.

Review of Operations

2025 ('FY25') was a year of significant structural change for Elixinol Wellness Limited ('Elixinol' or 'the Group'). Following two acquisitions in 2024 (Ananda Foods and The Healthy Chef), the primary focus in 2025 shifted to resetting the Group's operating structure and restoring margin quality.

The year was largely dedicated to right-sizing the organisation, simplifying operations and reducing the cost base after a period of rapid expansion. These actions were necessary to align the business with its current revenue profile and strategic direction.

Operational Reset and Cost Restructuring

In the first quarter of 2025, the Group continued to operate Ananda's Newcastle manufacturing facility. During the year, operations were consolidated and the site was closed. This resulted in significant one-off costs associated with decommissioning, asset write-downs and redundancies. While these costs impacted statutory performance in the short term, the closure materially reduced ongoing fixed costs and simplifies the operating footprint.

Margins during H1 2025 were also affected by sharp increases in key ingredient costs, particularly chocolate, coconut and almonds, core inputs for the Mt Elephant product range. In addition, a batch of hemp sourced from a new grower required extensive cleaning and additional processing, resulting in materially higher costs than originally anticipated.

In response, the Group strengthened supplier selection processes, tightened quality control protocols and renegotiated procurement arrangements. These changes are expected to reduce volatility in input costs going forward and provide greater margin stability.

Leadership Transition and Portfolio Rationalisation 2025 also involved a significant leadership transition. Over the course of the year, both the management team and Board were progressively refreshed, culminating in the establishment of a new leadership team with skills aligned to the Group's current strategy and scale.

This transition occurred against the backdrop of a challenging Australian retail environment. Ongoing cost-of-living pressures and cautious consumer spending weighed on category growth, while major retailers implemented range rationalisation programs across supermarket channels.

Key brand & product Achievements

2025 was a year of reset. Following a merger, two acquisitions, and the associated cost expansion, the focus shifted to rebuilding a sustainable cost base and improving margin quality. While retail market conditions were challenging, the business exited the year in a stronger operational and financial position, setting up improved profitability in 2026.

The Healthy Chef

Innovation and marketing investment remained concentrated on The Healthy Chef, which delivered strong growth throughout the year. The brand's predominantly ecommerce model and high-margin profile helped underpin group performance during a difficult retail environment.



Six new products launched in 2025:

- 1 Menopause-focused product
- 3 Protein Waters
- 2 limited-edition Salted Caramel protein powders

Healthy Chef continues to demonstrate strong momentum, supported by consistent marketing, innovation-led growth, and a highly engaged customer base.

Hemp Foods Australia

Elixinol's flagship brand, Hemp Foods Australia was relatively flat in 2025 compared to 2024. This result was encouraging given the prior year benefited from an unusually large innovation pipeline and the presence of Hemp Gold Protein in Costco, which inflated comparative growth.

Despite flat revenue, margins improved over the quarters as the brand refocused on higher-margin products and channels. This strategic shift strengthened the quality of earnings and positions the brand well for future growth.

Elixinol USA

Sales in 2025 were subdued as the US CBD category faced some headwinds. Elixinol used this time to reset the brand direction and strategy for growth for 2026.

During the year, significant groundwork was completed, including a full brand refresh and the development of new products. Implementation was deliberately paused while greater clarity on regulatory and market conditions was sought. Strategic options, including divestment and reinvestment for growth, were actively assessed, with major decisions placed on hold pending improved visibility.

With increasing confidence across the US CBD sector that legislative updates are approaching, the business has now moved forward with the rebrand. Rollout is scheduled for Q1, alongside the first wave of new innovation, positioning Elixinol USA to respond quickly as market conditions stabilise.

Contract Manufacturing and Bulk Ingredients

In 2025, some hemp-related contracts were reduced and two key customers discontinued SKUs containing superfood ingredients. This contraction has since reversed. Expanded supply contracts have been secured for 2026, returning hemp to a growth trajectory.

In parallel, new opportunities are progressing across the Australian Superfood Co portfolio, providing additional growth avenues.

Mt Elephant

As a purely grocery retail brand, Mt Elephant was most impacted by supermarket rationalisation of smaller brands. At the end of 2025 the brand exited Woolworths with the focus for 2026 being exclusively on Coles.

While this creates a short-term revenue impact, it simplifies the growth strategy and allows the brand to concentrate its highly loyal customer base within one retailer. Work is underway with Coles on genuine innovation across flavour, format & sustainability, aimed at growing the category rather than competing within it. This reset is expected to be the launchpad for renewed growth.

Product Margin and Cost Base

Overall margins were down in 2025, largely due to legacy contracts and unprofitable products impacted by global ingredient pricing. These pressures eased progressively through the year, with margin improvement achieved quarter-on-quarter.

The cost base reset and contract renegotiations completed in 2025 mean the business enters 2026 structurally leaner, with improved margin quality and significantly less operational drag.

Leadership and Organisational Changes

On 19 June 2025, Ms Natalie Butler was appointed Chief Executive Officer. Ms Butler brings more than 25 years' experience in the industry. During the year, the Company streamlined its product portfolio to focus on higher-margin revenue streams and implemented cost-base restructuring initiatives aimed at improving profitability.

On 19 June 2025, Mr Adam Dimitropoulos was appointed Chief Financial Officer. Mr Dimitropoulos is a qualified CPA and Chartered Accountant with more than 25 years' experience in finance, including in the FMCG and pharmaceutical sectors.



Financial Performance

- FY25 revenue of \$15.5 million, up \$0.5 million on FY24, supported by successful The Healthy Chef acquisition.
- Australian sales displayed a solid performance throughout FY25 delivering \$13.9 million in FY25 and \$3.7 million in the final quarter, diversifying revenues towards higher margin ecommerce channels coupled with product innovations in high growth categories.
- Americas sales contracted in FY25 to \$1.6 million compared to FY24 of \$2.1 million due to legislative changes limiting the branding of CBD products.
- Gross profit and gross margin increased in FY25 compared to FY24, driven by a favourable shift in sales mix toward the higher-margin e-commerce channel following The Healthy Chef acquisition, together with a greater focus on higher-margin products and the contribution from new product launches.
- Total operating expenses increased by 8% during the year, primarily due to the acquisition of The Healthy Chef and higher sales volumes, which increased variable costs. Notwithstanding this, a rightsizing and cost-optimisation program was implemented in the second half of the year to support a lower and more sustainable cost base going forward.
- Adjusted EBITDA however, declined by 11% in FY25 compared to FY24, reflecting higher operating expenses and variable costs, including the impact of integrating The Healthy Chef acquisition. Adjusted EBITDA was positive in the fourth quarter, reflecting a seasonally strong quarter, the benefits of the rightsizing and cost optimisation initiatives implemented in the second half of the year, together with actions taken to address legacy balance sheet matters.

A reconciliation of Adjusted EBITDA from loss after income tax is detailed below:

	2025 \$'000	Group 2024 \$'000
Loss after income tax	(5,500)	(1,722)
<i>Add back/(deduct):</i>		
Income tax (benefit)/expense	(535)	(3,589)
Finance costs	488	212
Interest income	(7)	(30)
Depreciation and amortisation	869	1,042
EBITDA	<u>(4,685)</u>	<u>(4,087)</u>
<i>Add back/(deduct):</i>		
Impairment of other assets	232	86
Share-based payments	434	46
One-off transactions	646	914
Adjusted EBITDA	<u><u>(3,373)</u></u>	<u><u>(3,041)</u></u>

- The Group recognised a conservative deferred tax asset of \$535,000 in FY2025 (FY2024: \$3,589,000), reflecting a more prudent assessment of the recoverability of tax losses against future taxable profits.
- Finance costs increased following the successful debt raise of \$1.35 million in May 2025. The interest in relation to the debt raise is capitalised and due for payment upon maturity in May 2026.
- During FY25, the Group recognised an impairment of intangible assets of \$232,000, primarily relating to brand names and goodwill associated with two underperforming brands. The impairment was determined following a review of the carrying value of these assets, taking into account revised cash flow forecasts and market conditions affecting expected future returns.
- Share-based payments primarily comprise options issued as free-attaching options to placement participants, together with the net forfeiture of performance rights.
- One off transactions of \$646,000 (FY2024: \$914,000) were recognised during the period, primarily attributable to non-recurring transactions and restructuring activities.
- Elixinol ended the year to 31 December 2025 with cash of \$1.4 million compared to \$1.1m in the prior year.



Managing the risks associated with our strategy

In developing and executing its strategy, the Company continually assesses the key risks to its business and implements controls and initiatives to mitigate them appropriately. The Company is mindful of macroeconomic conditions affecting its operating environment, as well as risks specific to the hemp and wellness sectors and other factors relevant to Elixinol. Where risks are within management's control, further commentary is provided. This list of risk factors is not exhaustive, and other risks may affect the value of shareholders' investment in the Company.

Business risks

The Company is exposed to a range of operational, financial, regulatory, and market risks that could affect its business, operating results, and financial performance. Key risks include:

Retention of Key Personnel

The Company's success depends on attracting and retaining skilled management and technical personnel. Failure to do so could materially impact operations and financial prospects.

Liquidity and Funding

Additional capital may be required to fund loan repayments, product development, and other strategic initiatives. Capital raising could dilute shareholders, may be on unfavourable terms, or may not be available when required.

Agricultural and Production Risks

Reliance on agricultural products exposes the Group to risks including pests, diseases, weather events, water availability, and other force majeure events. Disruptions in raw materials, utilities, or labour could impact production and financial performance.

Supplier and Customer Relationships

Inability to secure key suppliers, maintain uncontracted customer relationships, or sustain strategic partnerships could adversely affect production, sales, and financial outcomes.

Product Safety and Liability

As a food and nutraceutical company, the Group faces risks of product misuse, mislabelling, tampering, contamination, or spoilage. This may lead to regulatory action, recalls, legal liability, or reputational damage.

Systems, Security and Data Privacy

Failures in system security, scalability, or data privacy could impact operations, revenue, and reputation.

Regulatory and Legal Risks

Operations are subject to evolving domestic and international laws, including hemp and CBD regulations. Changes in legislation, policies, or regulatory interpretation could affect compliance, operations, and financial performance.

Intellectual Property and Competition

The Group's success depends on protecting its intellectual property. Failure to do so or increased competition may adversely affect operations, market share, and profitability.

Reputation

Incidents beyond the Group's control could damage stakeholder confidence or preferences for hemp-derived and medicinal products.

Contracts and Counterparties

The Group is reliant on existing contracts and commercial agreements. Termination, non-performance, or unfavourable renegotiation could materially affect operations and financial results.

Other Risks

The Group is exposed to general macroeconomic, climate, and market risks, including changes in industry consolidation, competitive pressures, and uncontracted sales volumes, which may impact financial performance.

Significant changes in the state of affairs

On 19 June 2025, the Company appointed Natalie Butler as Chief Executive Officer. On the same date, Josephine Lorenz resigned as Chief Financial Officer and Adam Dimitropoulos was appointed as Chief Financial Officer.



On 2 December 2025, David Fenlon resigned as Independent Non-Executive Director and Chair. Subsequently, Gavin Evans was appointed as Non-Executive Director and Chair on 2 December 2025.

On 19 December 2025, the Company announced that BDO Audit Pty Ltd had resigned as auditor of the Company and, following ASIC consent, RSM Australia were appointed as auditors of the Company. The appointment of RSM Australia will be subject to shareholder ratification at the Company's next Annual General Meeting.

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 2025 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 nutrition, wellness and superfood products, including hemp-derived products and its ability to leverage its strong reputation for high quality products. Commentary on the Group's strategic direction and plan is set out in the Chairman's Report located immediately before this Directors' report.

Environmental regulation

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

Directors' Interests

The relevant interest of each Director in shares and options over shares in the Company as notified by the Directors to the ASX in accordance with section 205G of the Corporations Act 2001 as at 31 December 2025 is:

Director	Ordinary Shares	Options over ordinary Shares	Performance Rights
Gavin Evans	7,804,417	57,407,407	-
Pauline Gately	2,296,671	-	-
Natalie Butler	180,746	-	36,416

Indemnity and insurance of Directors and Officers

The Company has indemnified its Directors and executives against certain liabilities incurred in their capacity as a director or executive, except where the liability arises from 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.



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
22 March 2024	22 March 2027	\$0.0600	92,951,732
25 November 2025	23 October 2027	\$0.0200	218,796,310
			311,748,042

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
3 October 2023	31 August 2028	94,638

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 2025 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 2025 and up to the date of this report on the exercise of performance rights granted:

Date performance rights granted	Number of shares issued
3 October 2023	799,855

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 25 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 25 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.

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.

Corporate Governance Statement

The Board of Directors of Elixinol Wellness Limited is responsible for the Company's corporate governance. The Board has prepared the Corporate Governance Statement in accordance with the fourth edition of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*.

The Company's Corporate Governance Statement is available on the Company's website at:
<https://investorhub.elixinolwellness.com/governance>

For personal



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

The following persons acted as key management personnel of the Company and the Group during the year ended 31 December 2025.

Non-Executive and Executive Directors

- Gavin Evans - Non-Executive Chairman (Appointed 2 December 2025)
- Pauline Gately - Non-Executive Director (Appointed 17 August 2023)
- Natalie Butler - Executive Director & CEO (Appointed Director 28 March 2024, CEO 19 June 2025)
- David Fenlon - Non-Executive Chairman (resigned 2 December 2025)

Other key management personnel

- Adam Dimitropoulos - Chief Financial Officer (Appointed 19 June 2025)

Changes since the end of the reporting period

There have been no other changes in key management personnel.

Principles used to determine the nature and amount of remuneration

The Group has an executive reward framework designed to ensure remuneration is competitive and appropriate for the results delivered. The framework aligns executive remuneration with the achievement of strategic objectives and the creation of shareholder value and is informed by market practice and advice from independent external advisers.

The Board of Directors has established the following key principles to support sound remuneration governance:

- 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 directors and executives. The Group's performance depends on the quality of its leadership, and the remuneration philosophy is therefore to attract, motivate, and retain high-performing and high-calibre personnel. The Committee ensures that the remuneration framework remains market-competitive and aligned with the Group's reward strategy.

The remuneration framework is designed to align executive interests with those of shareholders by:

- incorporating economic performance and revenue growth as key elements of incentive design;
- focusing on sustained growth in shareholder value, including share price performance and returns on assets, as well as key non-financial drivers of long-term value; and
- supporting the attraction and retention of high-quality executives.

The framework also supports executives by:

- recognising capability, experience, and performance;
- providing competitive rewards linked to the creation of shareholder value; and
- offering a clear and structured approach to earning remuneration outcomes.



Non-Executive Directors' remuneration

Fees and payments to Non-Executive Directors are designed to reflect the demands and responsibilities of their role and are reviewed annually by the Remuneration and Nomination Committee. From time to time, the Committee may seek advice from independent remuneration consultants to ensure that fees remain appropriate and consistent with market practice. The Chair's remuneration is determined separately from that of other Non-Executive Directors by reference to comparable roles in the external market, and the Chair does not participate in discussions regarding their own remuneration.

Under the Company's Constitution, Non-Executive Directors are entitled to total fixed remuneration not exceeding an aggregate amount approved by shareholders in general meeting. The current maximum aggregate amount is \$500,000, which was approved by shareholders at the Annual General Meeting held on 17 May 2021. Non-Executive Directors may also receive superannuation contributions and are eligible to participate in the Company's long-term incentive plan.

Executive remuneration

Executive remuneration is structured to reflect each executive's role and responsibilities and includes both fixed and variable components. The executive remuneration framework comprises three elements:

- **Fixed remuneration**, which provides a competitive base level of pay reflecting the skills, experience, and responsibilities of the role;
- **Short-term incentives**, which reward performance against annual key performance indicators; and
- **Long-term incentives**, delivered through share-based payments to promote sustainable long-term growth and align executive interests with those of shareholders.

Together, these components comprise an executive's total remuneration.

Fixed remuneration

Fixed remuneration, which includes base salary, superannuation, and non-monetary benefits, is reviewed annually by the Remuneration and Nomination Committee. Reviews take into account market competitiveness, individual performance, business unit outcomes, and the overall performance of the Group, with the objective of attracting and retaining high-quality executives.

Executives may receive part of their fixed remuneration in the form of fringe benefits, such as motor vehicle benefits, where this does not increase costs to the Group and provides additional value to the executive.

Short-Term Incentive Plan ('STIP')

The Company has adopted a Short-Term Incentive Plan (STIP) designed to support the attraction, motivation and retention of Directors, senior executives and selected employees of the Group, and to provide a clear link between remuneration and performance.

The STIP is designed to reward executives and management for the achievement of a combination of clearly defined Group and individual performance objectives. The STIP is reviewed annually by the Remuneration and Nomination Committee, and its structure, performance measures and weightings may vary from year to year.

For Executive KMPs, the STIP is weighted 90% to Group financial performance measures (2024: 90%) and 10% to individual performance measures (2024: 10%). The target STIP opportunity is 30–35% of Total Fixed Remuneration (2024: 30–35%).

Group Financial Performance Measures

For the 2025 financial year, the Group financial performance measure was:

- **Group Adjusted EBITDA (90% of the STIP)**

Group Adjusted EBITDA was selected as it aligns executive performance with key drivers of shareholder value and reflects the short-term financial performance of the Group. Financial performance measures are reviewed annually.

The minimum threshold for Group financial performance is **100% of the on-target Group Adjusted EBITDA**.

Individual Performance Measures

Individual performance measures account for **10% of the STIP** and are based on objectives tailored to each Executive KMP's area of responsibility. These objectives are aligned to the Board-approved financial, operational and strategic priorities of the Group and include quantitative measures where appropriate.

A minimum of **80% achievement** is required for any payment to be made.



Assessment and Payment

Actual performance against Group and individual performance measures is assessed following the end of the financial year. The Board, on recommendation from the Remuneration and Nomination Committee, determines the STIP outcome for each Executive KMP.

Where performance is below threshold, any payment is at the sole discretion of the Board. Where performance exceeds threshold, up to **150% of the target STIP** may be awarded.

Form of Payment

STIP awards are payable in **cash, equity, or a combination of both**, at the Board's discretion.

Where paid in equity, awards are delivered as **performance rights**, with:

- 75% vesting following the release of the relevant financial statements, and
- 25% vesting 12 months later, subject to applicable statutory and tax requirements.

The Board may, at its discretion, grant equity in lieu of cash payments.

Cessation of Employment and Change of Control

In the event of a takeover or change of control, or in cases of death, disability, genuine redundancy or retirement (other than resignation or dismissal), the Board may, at its discretion, determine that all or a pro-rata portion of the STIP becomes payable.

Equity Deferral Conditions

STIP awards deferred into equity are subject to the following conditions:

- Unvested performance rights cannot be traded;
- Unvested rights may be forfeited if the executive ceases employment prior to vesting; and
- Vested rights may only be traded in accordance with the Company's Securities Trading Policy.

Long-Term Incentive Plan ('LTIP')

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

Performance rights

Performance rights over ordinary shares in the Company are granted to KMP for nil consideration. Upon satisfaction of vesting and employment conditions, each performance right will, at the Company's election, either:

- Convert to one ordinary share on a one-for-one basis; or
- Entitle the participant to a cash payment equal to the market value of a share at the vesting date, less applicable withholding tax and superannuation contributions.

Where a cash payment is elected:

Cash payable = (No. of Performance Rights × VWAP) – Withholding Tax – Superannuation

(VWAP refers to the volume-weighted average share price on the ASX for the five trading days prior to the relevant vesting date.)

LTIP opportunity (at target)

Target LTIP opportunities are determined based on market benchmarking and are designed to reward the achievement of long-term strategic objectives and shareholder value creation.

Performance Period and Vesting Dates

Performance rights granted in 2023 were issued in two equal tranches:

- Tranche 1: 1 January 2023 – 30 June 2024; vesting date 30 August 2024
- Tranche 2: 1 January 2023 – 31 December 2025; vesting date 28 February 2026

No LTIP grants were made in 2025.



Vesting conditions

Share rights will vest once the following conditions are satisfied (or waived by the Board):

- Satisfaction of **absolute Total Shareholder Return (TSR) performance hurdles** over the relevant performance period; and
- Continued employment or directorship of the Company or its subsidiaries at the time audited financial statements are released to the ASX following the performance period.

The proportion of TSR rights that vest is determined according to the Company's absolute TSR over the relevant period.

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

Unless the Board determines otherwise:

- Resignation or dismissal: all unvested rights lapse;
- Death, disability, bona fide redundancy, retirement, or other approved reasons: a pro-rata number of unvested rights may vest; all other rights lapse.

Disposal restrictions

Vested shares are subject to the Company's Securities Trading Policy. Participants may not hedge or otherwise reduce their economic exposure to performance rights.

Change of control

In the event of a takeover or change of control, all unvested performance rights will fully vest.

Use of remuneration consultants

During the year ended 31 December 2025, the Board did not engage remuneration consultants for benchmarking of executive remuneration.

Voting and Shareholder Feedback

At the 20 May 2025 AGM, 91.95% of votes supported the adoption of the 2024 Remuneration Report. No specific feedback regarding remuneration practices was received.

Linking Remuneration and Company performance

The remuneration framework is designed to align Executive KMP incentives with the Group's financial and strategic performance.

During 2025:

- The Australian business delivered 8% revenue growth following the full year effect of The Healthy Chef acquisition.
- The Americas business faced regulatory and marketing challenges on e-commerce platforms.
- Overall Group revenue grew a modest 3.6%, and adjusted EBITDA declined by 13%. However Q4 was encouraging with an adjusted EBITDA of +\$56,000, following rightsizing and optimisation initiatives.
- Key strategic objectives, including integration of The Healthy Chef business, were completed to position the Group for future growth.

Despite these achievements, results did not meet pre-set targets; therefore, STIP and LTIP awards were not paid to Executive KMP during the year.

Notwithstanding this outcome, the Board retains discretion under the STI framework to recognise exceptional performance against critical strategic objectives. During the second half of FY25, management delivered significant operational initiatives, including business optimisation, rightsizing and cost base reductions designed to improve the Group's financial sustainability.

Having regard to the achievement of these strategic priorities, the Board may, at its discretion, approve an STI outcome to recognise this performance, subject to the terms of the STI plan and the Remuneration and Nomination Committee's review.



The following table illustrates the link between Executive KMP remuneration and Group financial performance:

	2025 \$'000	2024 \$'000	2023 \$'000	2022 \$'000	2021 \$'000
Revenue	15,500	14,956	8,269	7,055	9,338
Adjusted EBITDA	(3,373)	(3,041)	(4,626)	(8,538)	(11,496)
Net loss after tax	(5,500)	(1,722)	(7,507)	(10,571)	(17,025)
Basic loss per share (cents per share)*	(2.15)	(1.11)	(12.68)	(3.34)	(5.41)
Diluted loss per share (cents per share)*	(2.15)	(1.11)	(12.68)	(3.34)	(5.41)
Opening share price	\$0.038	\$0.076	\$0.021	\$0.072	\$0.175
Closing share price on 31 December	\$0.009	\$0.038	\$0.076	\$0.021	\$0.072

* 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

	Short-term benefits		Post-employment benefits			Long-term benefits				Total \$
	Cash salary and fees \$	Annual leave \$	Super-annuation \$	Termination benefits \$	Salary sacrifice - Equity settled performance rights \$	Long service leave \$	Issued equity \$	Deferred STI \$	Equity settled performance rights \$	
2025	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Non-Executive Directors:										
G Evans ^(a)	11,000	-	-	-	-	-	-	-	-	11,000
P Gately	99,000	-	17,266	-	-	-	-	-	-	116,266
D Fenlon ^(b)	98,120	-	-	-	-	-	-	-	(6,664)	91,456
	<u>208,120</u>	<u>-</u>	<u>17,266</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,664)</u>	<u>218,722</u>
Executive Directors:										
N Butler ^(c)	260,000	10,544	29,932	-	-	10,016	-	-	1,037	311,529
Other KMP:										
A Dimitropoulos ^(d)	132,500	2,581	15,900	-	-	2,214	-	-	-	153,195
J Lorenz ^(b)	158,055	32,577	17,206	-	-	15,035	-	-	(12,878)	209,995
	<u>290,555</u>	<u>35,158</u>	<u>33,106</u>	<u>-</u>	<u>-</u>	<u>17,249</u>	<u>-</u>	<u>-</u>	<u>(12,878)</u>	<u>363,190</u>
	<u>758,675</u>	<u>45,702</u>	<u>80,304</u>	<u>-</u>	<u>-</u>	<u>27,265</u>	<u>-</u>	<u>-</u>	<u>(18,505)</u>	<u>893,441</u>



(a) Remuneration is from date of appointment at 2 December 2025 to 31 December 2025.

(b) Remuneration is from 1 January 2025 to date of cessation as Director or KMP.

(c) Natalie Butler appointed Chief Executive Officer as at 19 June 2025.

(d) Remuneration is from date of appointment at 19 June 2025 to 31 December 2025.

	Short-term benefits		Post-employment benefits		Salary sacrifice - Equity settled performance rights	Long-term benefits				Total \$
	Cash salary and fees \$	Annual leave \$	Super-annuation \$	Termination benefits \$		Long service leave \$	Issued equity \$	Deferred STI ^(c) \$	Equity settled performance rights \$	
2024										
<i>Non-Executive Directors:</i>										
D Fenlon	111,746	-	12,766	-	-	-	60,000	-	6,703	191,215
P Gately	97,964	-	11,193	-	-	-	45,000	-	(9,481)	144,676
	<u>209,710</u>	<u>-</u>	<u>23,959</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,000</u>	<u>-</u>	<u>(2,778)</u>	<u>335,891</u>
<i>Executive Directors:</i>										
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
	<u>266,424</u>	<u>37,901</u>	<u>28,736</u>	<u>175,616</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(65,352)</u>	<u>443,325</u>
<i>Other KMP:</i>										
J Lorenz	235,000	-	26,438	-	-	-	-	-	(6,344)	255,094
	<u>711,134</u>	<u>37,901</u>	<u>79,133</u>	<u>175,616</u>	<u>-</u>	<u>-</u>	<u>105,000</u>	<u>-</u>	<u>(74,474)</u>	<u>1,034,310</u>

(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.

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2025	2024	2025	2024	2025	2024
<i>Non-Executive Directors:</i>						
G Evans	100%	-	-	-	-	-
P Gately	100%	100%	-	-	-	-
D Fenlon	100%	100%	-	-	-	-
<i>Executive Directors:</i>						
N Butler	100%	100%	-	-	-	-
R Dufficy	-	100%	-	-	-	-
<i>Other KMP:</i>						
A Dimitropoulos	100%	-	-	-	-	-
J Lorenz	100%	100%	-	-	-	-



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

Name	Cash bonus paid/payable		Cash bonus forfeited	
	2025	2024	2025	2024
<i>Executive Directors:</i>				
N Butler	-	-	100%	100%
<i>Other KMP:</i>				
A Dimitropoulos	-	-	100%	-
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 in effect as at 31 December 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	78,000	3	3	3
Adam Dimitropoulos ^(b)	265,000	-	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 2025.

Options

There were no options over ordinary shares issued to Directors and other key management personnel as part of compensation that were outstanding as at 31 December 2025.

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
N Butler	36,416	30 September 2023	28 February 2026	30 December 2028	\$0.0110

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 2025.



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 ^(a)	Balance at the end of the year
<i>Ordinary shares</i>					
G Evans	-	-	7,804,417	-	7,804,417
P Gately	2,296,671	-	-	-	2,296,671
N Butler	144,329	-	36,417	-	180,746
A Dimitropoulos	-	-	-	-	-
D Fenlon	1,563,381	-	-	(1,563,381)	-
J Lorenz	1,356,101	-	317,005	(1,673,106)	-
	<u>5,360,482</u>	<u>-</u>	<u>8,157,839</u>	<u>(3,236,487)</u>	<u>10,281,834</u>

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

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/ transferred ^(a)	Exercised	Expired/ forfeited/ other ^(b)	Balance at the end of the year
<i>Options over ordinary shares</i>					
G Evans	-	57,407,407	-	-	57,407,407
D Fenlon	156,250	-	-	(156,250)	-
	<u>156,250</u>	<u>57,407,407</u>	<u>-</u>	<u>(156,250)</u>	<u>57,407,407</u>

(a) G Evans Options held prior to becoming Non-Executive Chairman

(b) D Fenlon 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	Exercised	Expired/ forfeited/ other ^(a)	Balance at the end of the year
<i>Performance rights over ordinary shares</i>					
N Butler	72,833	-	(36,417)	-	36,416
D Fenlon	58,219	-	-	(58,219)	-
J Lorenz	769,870	-	(317,005)	(452,865)	-
	<u>900,922</u>	<u>-</u>	<u>(353,422)</u>	<u>(511,084)</u>	<u>36,416</u>

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

Loans to key management personnel and their related parties

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



Other transactions with key management personnel and their related parties

The Company granted 50,000,000 options to Gavin Evans pursuant to a Strategic Advisory consulting agreement that commenced on 1 August 2025. At the time of entering into this agreement, there was no intention for Mr Evans to join the Board. Subsequently, David Fenlon, whom Mr Evans replaced, informed the Board of his intention to resign for personal reasons at short notice. Following Mr Evans' agreement to assume the directorship, the Company initiated the process to issue the options, consistent with the terms of the consultancy agreement, with issuance to occur subsequent to the EGM held on 10 November 2025.

This concludes the remuneration report, which has been audited.

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Officers of the Company who are former partners of RSM Australia Partners

There are no officers of the Company who are former partners of RSM Australia Partners.

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.

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

Gavin Evans
Independent Non-Executive Director and Chair

27 February 2026

For personal use

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Elixinol Wellness Limited and its controlled entities for the year ended 31 December 2025, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



RSM AUSTRALIA PARTNERS



B Y CHAN
Partner

Date: 27 February 2026
Melbourne, Victoria

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Elixinol Wellness Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2025



	Note	2025 \$'000	Group 2024 \$'000
Revenue	5	15,500	14,956
Other income	6	980	348
Interest income calculated using the effective interest method	7	7	30
Expenses			
Raw materials and consumables used and processing expenses		(9,505)	(9,314)
Employee benefits expenses and Directors' fees		(3,940)	(3,789)
Share-based payments		(434)	(46)
Depreciation and amortisation expense	7	(869)	(1,042)
Impairment of intangibles	7	(232)	(86)
Write off of machinery	13	(36)	-
Write off of inventory	7	(282)	(285)
Professional services expenses		(1,069)	(953)
Sales and marketing expenses		(1,679)	(1,294)
Administrative expenses		(1,352)	(1,648)
Distribution costs		(1,346)	(1,095)
Other expenses		(1,290)	(881)
Finance costs	7	(488)	(212)
Loss before income tax benefit		(6,035)	(5,311)
Income tax benefit	8	535	3,589
Loss after income tax benefit for the year attributable to the owners of Elixinol Wellness Limited		(5,500)	(1,722)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		196	67
Other comprehensive income for the year, net of tax		196	67
Total comprehensive loss for the year attributable to the owners of Elixinol Wellness Limited		<u>(5,304)</u>	<u>(1,655)</u>
		Cents	Cents
Basic loss per share	35	(2.15)	(1.11)
Diluted loss per share	35	(2.15)	(1.11)

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 2025



	Note	2025 \$'000	Group 2024 \$'000
Assets			
Current assets			
Cash and cash equivalents	9	1,405	1,078
Trade and other receivables	10	1,191	1,608
Inventories	11	2,658	3,890
Income tax refund due	8	-	14
Prepayments and other assets	12	446	586
Total current assets		<u>5,700</u>	<u>7,176</u>
Non-current assets			
Property, plant and equipment	13	895	1,161
Right-of-use assets	14	348	265
Intangibles	15	5,150	6,177
Deferred tax	8	3,793	3,590
Prepayments and other assets	12	78	80
Total non-current assets		<u>10,264</u>	<u>11,273</u>
Total assets		<u>15,964</u>	<u>18,449</u>
Liabilities			
Current liabilities			
Trade and other payables	16	2,103	2,666
Contract liabilities		50	22
Borrowings	17	3,258	1,114
Lease liabilities	18	147	186
Employee benefits		158	337
Accrued expenses		926	661
Total current liabilities		<u>6,642</u>	<u>4,986</u>
Non-current liabilities			
Borrowings	17	98	543
Lease liabilities	18	222	97
Employee benefits		29	94
Contingent consideration	19	1,521	2,703
Total non-current liabilities		<u>1,870</u>	<u>3,437</u>
Total liabilities		<u>8,512</u>	<u>8,423</u>
Net assets		<u>7,452</u>	<u>10,026</u>
Equity			
Issued capital	20	229,881	228,291
Reserves	21	10,866	9,610
Accumulated losses		<u>(233,295)</u>	<u>(227,875)</u>
Total equity		<u>7,452</u>	<u>10,026</u>

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 2025



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)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 20)	5,173	-	-	-	5,173
Share-based payments (note 36)	-	-	46	-	46
Vesting of share-based payments	545	-	(545)	-	-
Balance at 31 December 2024	228,291	9,223	387	(227,875)	10,026

Group	Issued capital \$'000	Foreign currency translation reserve \$'000	Share-based payments reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 January 2025	228,291	9,223	387	(227,875)	10,026
Loss after income tax benefit for the year	-	-	-	(5,500)	(5,500)
Other comprehensive income for the year, net of tax	-	196	-	-	196
Total comprehensive income/(loss) for the year	-	196	-	(5,500)	(5,304)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 20)	2,295	-	-	-	2,295
Share-based payments (note 36)	-	-	435	-	435
Vesting of share-based payments	58	-	(58)	-	-
Free attaching options issued	(763)	-	763	-	-
Transfer of historical expired rights	-	-	(80)	80	-
Balance at 31 December 2025	229,881	9,419	1,447	(233,295)	7,452

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Elixinol Wellness Limited
Consolidated statement of cash flows
For the year ended 31 December 2025



	Note	2025 \$'000	Group 2024 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		16,922	15,158
Payments to suppliers and employees (inclusive of GST)		(19,770)	(18,523)
Government grants	6	23	73
Interest received		7	30
Interest and other finance costs paid		(394)	(204)
Income taxes paid		(2)	(3)
Net cash used in operating activities	34	(3,214)	(3,469)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	31	(117)	(2,271)
Payments for property, plant and equipment		(65)	(60)
Payments for intangibles		(36)	-
Proceeds from disposal of investments		-	2,265
Proceeds from release of security deposits		2	-
Net cash used in investing activities		(216)	(66)
Cash flows from financing activities			
Proceeds from issue of shares		2,688	4,659
Share issue transaction costs		(339)	(564)
Proceeds from borrowings		1,606	861
Repayment of lease liabilities		(305)	(1,041)
Net cash provided from financing activities		3,650	3,915
Net increase in cash and cash equivalents		220	380
Cash and cash equivalents at the beginning of the financial year		1,078	708
Effects of exchange rate changes on cash and cash equivalents		107	(10)
Cash and cash equivalents at the end of the financial year	9	1,405	1,078

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 are:

Registered office

Suite 2
Level 11
385 Bourke Street
Melbourne VIC 3000

Principal place of business

51 - 53 Riversdale Road
Newtown VIC 3220

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 27 February 2026. 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.

As disclosed in the financial statements, the Group incurred a net loss before tax of \$5,500,000 (31 December 2024: \$1,722,000) and had net cash outflows from operating activities of \$3,214,000 (31 December 2024: \$3,469,000). As at that date the Group had net current liabilities of \$942,000 (31 December 2024: net current assets of \$2,190,000).

These factors indicate a material uncertainty that may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern, after consideration of the following factors:

- The Group has prepared cash flow forecasts for the next 12 months from the date of this report which indicate the Group will have a positive cash balance during this period. The cash flow forecasts include assumptions around a future capital raise or access to alternative funding sources; and
- The Group has demonstrated the ability to raise further capital over multiple years and the Directors are confident that a future capital raising would be successful.

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.



Note 2. Material accounting policy information (continued)

In the event the Group is unsuccessful at raising future capital and other avenues of funding are unavailable, the Group would not be a going concern and therefore will not be able to realise its assets and extinguish its liabilities in the normal course of business, at the amounts stated in the financial report.

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 30.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Elixinol Wellness Limited as at 31 December 2025 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.

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.



Note 2. Material accounting policy information (continued)

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.

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.



Note 2. Material accounting policy information (continued)

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.

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.



Note 2. Material accounting policy information (continued)

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.

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.



Note 2. Material accounting policy information (continued)

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.

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

Costs in relation to trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Other intangible assets

Costs in relation to other intangibles are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

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.



Note 2. Material accounting policy information (continued)

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.

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.



Note 2. Material accounting policy information (continued)

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.

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.



Note 2. Material accounting policy information (continued)

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.

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 2025. 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 15.

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.



Note 4. Operating segments (continued)

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.

Major customers

During the year ended 31 December 2025, 24% of sales were derived from three major customers (31 December 2024: 22% of sales were derived from three major customers).



Note 4. Operating segments (continued)

Operating segment information - Continuing operations

Group - 2025	Australia \$'000	Americas \$'000	Rest of World \$'000	Unallocated \$'000	Total \$'000
Revenue					
Sales to external customers	13,904	1,585	-	-	15,489
Intersegment sales	-	-	11	-	11
Total sales revenue	13,904	1,585	11	-	15,500
Licence revenue	-	-	-	-	-
Total revenue	13,904	1,585	11	-	15,500
Adjusted EBITDA	(1,782)	(377)	(70)	(1,144)	(3,373)
Depreciation and amortisation					(869)
Impairment of intangibles					(232)
Interest income					7
Finance costs					(488)
Share-based payments					(434)
One-off transactions					(646)
Loss before income tax benefit					(6,035)
Income tax benefit					535
Loss after income tax benefit					(5,500)
Assets					
Segment assets	6,739	422	9	8,794	15,964
Total assets					15,964
Liabilities					
Segment liabilities	3,974	454	86	3,998	8,512
Total liabilities					8,512

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



Note 4. Operating segments (continued)

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	<u>12,858</u>	<u>2,052</u>	<u>46</u>	<u>-</u>	<u>14,956</u>
Adjusted EBITDA	<u>(1,143)</u>	<u>80</u>	<u>10</u>	<u>(1,988)</u>	<u>(3,041)</u>
Depreciation and amortisation					(1,042)
Impairment of assets					(86)
Interest income					30
Finance costs					(212)
Share-based payments					(46)
Abnormal/One-off expenses					(914)
Loss before income tax benefit					<u>(5,311)</u>
Income tax benefit					3,589
Loss after income tax benefit					<u>(1,722)</u>
Assets					
Segment assets	15,147	652	21	2,629	18,449
Total assets					<u>18,449</u>
Liabilities					
Segment liabilities	3,571	308	72	4,472	8,423
Total liabilities					<u>8,423</u>

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

Geographical information

	Sales to external customers		Geographical non-current assets	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Australia	13,904	12,858	1,243	1,397
Americas	1,585	2,052	-	32
Rest of World	11	46	-	-
	<u>15,500</u>	<u>14,956</u>	<u>1,243</u>	<u>1,429</u>

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

	2025	Group
	\$'000	2024
		\$'000
Sale of goods	15,489	14,910
Licence revenue	11	46
Revenue	<u>15,500</u>	<u>14,956</u>

Disaggregation of revenue

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

Group - 2025	eCommerce	Retail	Other *	Total
	\$'000	\$'000	\$'000	\$'000
<i>Geographical regions</i>				
Australia	4,307	7,143	2,454	13,904
Americas	1,289	296	-	1,585
Rest of World	-	-	11	11
	<u>5,596</u>	<u>7,439</u>	<u>2,465</u>	<u>15,500</u>

Timing of revenue recognition

Goods transferred at a point in time	5,596	7,439	2,454	15,489
Services transferred over time	-	-	11	11
	<u>5,596</u>	<u>7,439</u>	<u>2,465</u>	<u>15,500</u>

* Other includes bulk and private label

Group - 2024	eCommerce	Retail	Other *	Total
	\$'000	\$'000	\$'000	\$'000
<i>Geographical regions</i>				
Australia	1,637	8,766	2,455	12,858
Americas	1,785	267	-	2,052
Rest of World	-	-	46	46
	<u>3,422</u>	<u>9,033</u>	<u>2,501</u>	<u>14,956</u>

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
	<u>3,422</u>	<u>9,033</u>	<u>2,501</u>	<u>14,956</u>

* Other includes bulk and private label.



Note 6. Other income

	2025 \$'000	Group 2024 \$'000
Net foreign exchange (loss)/gain	(232)	10
Net gain/(loss) on disposal of property, plant and equipment	4	(1)
Government grants	23	25
Other grants	-	23
Insurance recoveries	481	-
Sub-lease income and other	704	291
	<u>980</u>	<u>348</u>

Government grants

During the year, the Group received the Export Market Development Grant ('EMDG') of \$23,351 (31 December 2024: \$24,600). 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.

Insurance recoveries

During the year, the Group received insurance proceeds in relation to written-off inventory due to an insurable event.

Sub-lease income and other

Includes \$547,000 relating to The Healthy Chef contingent consideration adjustment and \$68,000 relating to a deed of settlement with Nutritional Growth Solutions.

Note 7. Expenses

	2025 \$'000	Group 2024 \$'000
Loss before income tax includes the following specific expenses:		
<i>Cost of sales</i>		
Cost of sales	<u>9,505</u>	<u>9,314</u>
<i>Depreciation and amortisation</i>		
Property, plant and equipment (note 13)	260	344
Right-of-use assets (note 14)	218	502
Intangibles (note 15)	<u>391</u>	<u>196</u>
Total depreciation and amortisation	<u>869</u>	<u>1,042</u>



Note 7. Expenses (continued)

	2025 \$'000	Group 2024 \$'000
<i>Impairment of other assets</i>		
Inventory	282	285
Machinery	36	-
Intangible assets	232	-
Lease make good	-	86
	<hr/>	<hr/>
Total impairment of other assets*	550	371
	<hr/> <hr/>	<hr/> <hr/>
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	(7)	6
Interest and finance charges paid/payable on lease liabilities	72	35
Interest and finance charges paid/payable on Premium Funding	184	20
Interest and finance charges paid/payable on Trade Facility	239	151
	<hr/>	<hr/>
Finance costs expensed	488	212
	<hr/> <hr/>	<hr/> <hr/>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	412	361
	<hr/> <hr/>	<hr/> <hr/>
<i>Inventory recognised as expense</i>		
Inventory expensed	77	48
	<hr/> <hr/>	<hr/> <hr/>
* Impairment allocation to CGUs		
	2025 \$'000	Group 2024 \$'000
Impairment of other assets is allocated to the following CGUs:		
Australia	480	145
Americas	70	226
	<hr/>	<hr/>
	550	371
	<hr/> <hr/>	<hr/> <hr/>



Note 8. Income tax

	2025 \$'000	Group 2024 \$'000
<i>Income tax benefit</i>		
Current tax	-	23
Deferred tax - origination and reversal of temporary differences	(535)	(3,612)
Aggregate income tax benefit	<u>(535)</u>	<u>(3,589)</u>
Deferred tax included in income tax benefit comprises:		
Increase in deferred tax assets	(535)	(3,612)
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Loss before income tax benefit	(6,035)	(5,311)
Tax at the statutory tax rate of 25%	(1,509)	(1,328)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Other non-deductible permanent differences	(19)	21
Current year temporary differences not recognised	(1,528)	(1,307)
Prior year temporary differences not recognised now recognised	2,279	-
Difference in overseas tax rates	(1,286)	(1,890)
	-	(392)
Income tax benefit	<u>(535)</u>	<u>(3,589)</u>

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 \$21,341,000 (31 December 2024: \$20,728,000) of tax effected revenue losses which have not been brought to account at 31 December 2025.



Note 8. Income tax (continued)

	2025 \$'000	Group 2024 \$'000
<i>Deferred tax asset</i>		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	-	1,082
Allowance for expected credit losses	5,343	5,344
Contract liabilities	11	5
Employee benefits	47	108
Lease liabilities	94	68
Other payables	158	47
Unrealised foreign exchange	(1,588)	(2,788)
Property, plant and equipment	2	(27)
Inventories	85	133
Intangible assets	(481)	(316)
Right-of-use assets	(87)	(66)
Future deductible	209	-
Deferred tax asset	<u>3,793</u>	<u>3,590</u>
Movements:		
Opening balance	3,590	-
Credited to profit or loss	535	3,612
Additions through business combinations (note 31)	(332)	(22)
Closing balance	<u>3,793</u>	<u>3,590</u>
	2025	Group
	\$'000	2024
		\$'000
<i>Income tax refund due</i>		
Income tax refund due	<u>-</u>	<u>14</u>

Note 9. Cash and cash equivalents

	2025 \$'000	Group 2024 \$'000
<i>Current assets</i>		
Cash at bank	<u>1,405</u>	<u>1,078</u>



Note 10. Trade and other receivables

	2025 \$'000	Group 2024 \$'000
<i>Current assets</i>		
Trade receivables	1,252	1,514
Less: Allowance for expected credit losses	(181)	(213)
	<u>1,071</u>	<u>1,301</u>
Other receivables	-	138
GST recoverable	120	169
	<u>1,191</u>	<u>1,608</u>

Allowance for expected credit losses

The Group has recognised a net gain of \$32,000 (31 December 2024: loss of \$45,000) in profit or loss in respect of the expected credit losses for the year ended 31 December 2025.

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

Group	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2025	2024	2025	2024	2025	2024
	%	%	\$'000	\$'000	\$'000	\$'000
Not overdue	1%	1%	743	1,193	14	13
1 to 30 days overdue	1%	1%	292	29	-	-
31 to 60 days overdue	6%	6%	38	63	-	4
61 to 90 days overdue	8%	8%	9	14	5	1
Over 90 days overdue	95%	95%	170	215	162	195
			<u>1,252</u>	<u>1,514</u>	<u>181</u>	<u>213</u>

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

	2025 \$'000	Group 2024 \$'000
Opening balance	213	168
Additional provisions recognised	-	42
Additions through business combinations	-	3
Receivables written off during the year as uncollectable	(32)	-
Closing balance	<u>181</u>	<u>213</u>



Note 11. Inventories

	2025 \$'000	Group 2024 \$'000
<i>Current assets</i>		
Raw materials - at cost	830	2,295
Less: Provision for impairment	(125)	(362)
	<u>705</u>	<u>1,933</u>
Work in progress - at cost	-	5
Finished goods - at cost	2,442	2,159
Less: Provision for impairment	(489)	(396)
	<u>1,953</u>	<u>1,763</u>
Stock in transit - at cost	-	189
	<u><u>2,658</u></u>	<u><u>3,890</u></u>

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 and other assets

	2025 \$'000	Group 2024 \$'000
<i>Current assets</i>		
Prepayments	373	392
Security deposits	51	51
Other deposits	22	143
	<u>446</u>	<u>586</u>
<i>Non-current assets</i>		
Security deposits	-	8
Other deposits	78	72
	<u>78</u>	<u>80</u>



Note 13. Property, plant and equipment

	2025 \$'000	Group 2024 \$'000
<i>Non-current assets</i>		
Leasehold improvements - at cost	37	37
Less: Accumulated depreciation	(37)	(37)
	-	-
Furniture, fittings and equipment - at cost	106	105
Less: Accumulated depreciation	(78)	(70)
	28	35
Motor vehicles - at cost	48	48
Less: Accumulated depreciation	(36)	(34)
	12	14
Computer equipment - at cost	71	45
Less: Accumulated depreciation	(26)	(14)
	45	31
Machinery - at cost	5,243	5,400
Less: Accumulated depreciation	(3,616)	(3,472)
Less: Impairment	(817)	(847)
	810	1,081
	<u>895</u>	<u>1,161</u>

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 2024	44	37	17	15	790	903
Additions	-	7	-	27	23	57
Additions through business combinations	-	1	-	-	548	549
Disposals	-	-	-	-	(3)	(3)
Exchange differences	-	(2)	-	-	1	(1)
Depreciation expense	(44)	(8)	(3)	(11)	(278)	(344)
Balance at 31 December 2024	-	35	14	31	1,081	1,161
Additions	-	5	-	30	30	65
Disposals	-	(3)	-	(3)	(36)	(42)
Exchange differences	-	-	-	-	7	7
Impairment of assets	-	-	-	-	(36)	(36)
Depreciation expense	-	(9)	(2)	(13)	(236)	(260)
Balance at 31 December 2025	<u>-</u>	<u>28</u>	<u>12</u>	<u>45</u>	<u>810</u>	<u>895</u>



Note 14. Right-of-use assets

	2025 \$'000	Group 2024 \$'000
<i>Non-current assets</i>		
Land and buildings - right-of-use	542	767
Less: Accumulated depreciation	(194)	(502)
	<u>348</u>	<u>265</u>

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.

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 2024	282
Additions	243
Additions through business combinations (note 31)	118
Modification of lease assumptions	124
Depreciation expense	(502)
Balance at 31 December 2024	265
Additions	67
Modification of lease assumptions	234
Depreciation expense	(218)
Balance at 31 December 2025	<u>348</u>

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 18 for lease liabilities at 31 December 2025;
- Refer to note 23 for maturity analysis of lease liabilities; and
- Refer to the consolidated statement of cash flows for repayment of lease liabilities.



Note 15. Intangibles

	2025 \$'000	Group 2024 \$'000
<i>Non-current assets</i>		
Goodwill - at cost	3,348	1,367
Less: Impairment	(214)	-
	<u>3,134</u>	<u>1,367</u>
Brand name - at cost	1,693	988
Less: Accumulated amortisation	(401)	(169)
Less: Impairment	(8)	-
	<u>1,284</u>	<u>819</u>
Trademarks - at cost	269	285
Less: Accumulated amortisation	(39)	(27)
Less: Impairment	(10)	-
	<u>220</u>	<u>258</u>
Other intangible assets - at cost	657	3,733
Less: Accumulated amortisation	(145)	-
	<u>512</u>	<u>3,733</u>
	<u><u>5,150</u></u>	<u><u>6,177</u></u>

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	Patents and trademarks \$'000	Other intangible assets \$'000	Total \$'000
Balance at 1 January 2024	818	1,232	247	-	2,297
Additions through business combinations (note 31)	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
Additions	-	-	-	36	36
Exchange differences	-	-	-	(15)	(15)
Impairment of assets	(214)	(8)	(10)	-	(232)
Measurement period adjustments	1,981	705	-	(3,111)	(425)
Amortisation expense	-	(232)	(28)	(131)	(391)
Balance at 31 December 2025	<u><u>3,134</u></u>	<u><u>1,284</u></u>	<u><u>220</u></u>	<u><u>512</u></u>	<u><u>5,150</u></u>

Impairment testing

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 2 year projection period approved by management and extrapolated for a further 3 years using a steady rate, together with a terminal value. Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.



Note 15. 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	1,981	623	476	3,080
Ananda Brands	42	88	-	130
Mt Elephant	377	217	-	594
The Australia Superfood	330	189	-	519
Australian Primary Hemp	404	251	-	655
HFA and Elixinol	-	137	35	172
Total intangibles	3,134	1,505	511	5,150

Key assumptions

Management's cash flow projections assume short- to medium-term revenue growth driven by expanded product ranges, new product development, secured supply contracts, focused sales strategies, moderate e-commerce growth and increasing customer loyalty, supported by improved or stable gross margins as supply conditions normalise and product mix improves.

Operating expenditure is expected to decline or remain stable as a percentage of revenue as working capital requirements reduce through lower inventory levels, and operational efficiencies lower ongoing cash burn, with only limited capital expenditure required due to outsourced or efficient production capabilities.

Cash flows are projected using a terminal growth rate of 2.0% beyond the explicit forecast period and discounted at a pre-tax rate of 23%, reflecting management's estimate of the weighted average cost of capital, incorporating both the time value of money and the risk profile of the underlying cash flows.

There were no other key assumptions.

Based on the above, total impairment charges of \$232,000 have been recognised, comprising \$198,000 against the goodwill of Ananda Brands, \$15,000 against the goodwill of The Australian Superfood, \$10,000 against the trademarks of The Australian Superfood, and \$9,000 against the Field Day brand name. The recoverable amounts of the remaining cash-generating units exceed their carrying values, providing headroom over the carrying value of associated intangible assets.

Sensitivity

As disclosed in note 3, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

- Revenue would need to decrease by more than 11% before goodwill would need to be impaired, with all other assumptions remaining constant.
- The discount rate would be required to increase by 3.5% before goodwill would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

If there are any negative changes in the key assumptions on which the recoverable amount of goodwill is based, this would result in a further impairment charge against goodwill.



Note 16. Trade and other payables

	2025 \$'000	Group 2024 \$'000
<i>Current liabilities</i>		
Trade payables	1,520	1,817
GST and sales tax payable	49	(4)
Credit cards	4	24
Deferred consideration	267	450
Other payables	263	379
	<u>2,103</u>	<u>2,666</u>

Refer to note 23 for further information on financial instruments.

Refer to note 31 for further details in relation to deferred consideration.

Note 17. Borrowings

	2025 \$'000	Group 2024 \$'000
<i>Current liabilities</i>		
Loans - Raw With Life	48	48
Insurance premium funding	188	217
Trade financing	1,579	849
Secured loan, including interest	1,443	-
	<u>3,258</u>	<u>1,114</u>
<i>Non-current liabilities</i>		
Loans - Raw With Life	98	142
Trade financing	-	401
	<u>98</u>	<u>543</u>

Refer to note 23 for further information on financial instruments.

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

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 2025, \$629,000 was drawdown against the Trade Debtor facility and \$310,000 against the Trade finance facility and the total amount available to drawdown was \$930,000. The facility has a variable interest rate and at 31 December 2025 the rate was 10.66% 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.



Note 17. Borrowings (continued)

On 24 April 2025, an HCF Shopify Commerce Finance facility was established providing \$200,000 of access to e-commerce revenue in advance. As at 31 December 2025, the balance of this facility was \$22,000 with a term of 18 months with repayment of 17% of daily Shopify sales. There is a fixed fee of 10% of the initial facility. The facility is secured against future Shopify receipts.

On 25 June 2025, an HFA Shopify Commerce Finance facility was established providing \$60,000 of access to e-commerce revenue in advance. As at 31 December 2025, the balance of this facility was \$36,000 with a term of 18 months with a repayment of 14.5% of daily Shopify sales. There is a fixed fee of 9.5% of the initial facility balance. This facility is secured against future Shopify receipts.

On 17 July 2025, a TASC0 Shopify Commerce Finance facility was established providing \$22,000 of access to e-commerce revenue in advance. As at 31 December 2025, the balance of this facility was \$14,000 with a term of 18 months with a repayment of 17% of daily Shopify sales. There is a fixed fee of 15.3% of the initial facility balance. This facility is secured against future Shopify receipts.

On 17 July 2025, a second APH Shopify Commerce Finance facility was established providing \$14,000 of access to e-commerce revenue in advance. As at 31 December 2025, the balance of this facility was \$14,000 with a term of 18 months with a repayment of 25% of daily Shopify sales. There is a fixed fee of 10.1% of the initial facility balance. This facility is secured against future Shopify receipts.

On 28 August 2025, a PayPal Commerce Finance facility was established providing \$220,000 of access to e-commerce revenue in advance. As at 31 December 2025, the balance of this facility was \$94,000 with repayment of 30% of daily PayPal receipts. There is a fixed fee of 11.5% of the initial facility balance. The facility is secured against future PayPal receipts.

On 29 December 2025, a second HCF Shopify Commerce Finance facility was established providing \$420,000 of access to e-commerce revenue in advance. As at 31 December 2025, the balance of this facility was \$458,000 with a term of 18 months with repayment of 17% of daily Shopify sales. There is a fixed fee of 9% of the initial facility. The facility is secured against future Shopify receipts.

Assets pledged as security

The Company received \$1,350,000 via a secured debt facility with a maturity date of 31 May 2026 and at an interest rate of 12% payable on maturity. The security interest was granted by the Company's wholly owned US subsidiary (Elixinol LLC) over Elixinol LLC's (present and future) inventory, property, equipment and bank accounts in the United States. There are no loan covenants on this secured loan.

Note 18. Lease liabilities

	2025 \$'000	Group 2024 \$'000
<i>Current liabilities</i>		
Lease liability	147	186
<i>Non-current liabilities</i>		
Lease liability	222	87
Lease make good provision	-	10
	<u>222</u>	<u>97</u>

Refer to note 23 for further information on financial instruments.

Note 19. Contingent consideration

	2025 \$'000	Group 2024 \$'000
<i>Non-current liabilities</i>		
Contingent consideration	1,521	2,703



Note 19. Contingent consideration (continued)

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

The terms of the acquisition have been re-negotiated with a purchase price reduction of \$1,000,000.

Therefore, the deferred consideration is as follows:

- \$267,000 in cash is due the 2nd annual anniversary of Completion (25 October 2026) currently in other payables

Remainder of the Purchase Price in cash is due on Final Settlement date. The third and final contingent consideration 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 \$716,000, meaning the Total Purchase Price is \$2,100,000; or
- If FY27 Revenue exceeds \$3,500,000 but is less than \$6,000,000, the Final Deferred Payment will be \$716,000 plus 50% of the incremental Revenue over \$3,500,000, meaning a Total Purchase Price of between \$2,100,001 and \$3,350,000.

The fair value of the contingent consideration at 31 December 2025 is \$1,521,000.

In the final acquisition accounting, the forecast revenue for FY27 is expected to be \$4,900,000.

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 20. Issued capital

	2025 Shares	2024 Shares	2025 \$'000	Group 2024 \$'000
Ordinary shares - fully paid	413,987,731	220,820,137	229,881	228,291



Note 20. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 January 2024	632,738,503		222,573
Issue of shares - Rights Issue Offer	22 March 2024	279,399,062	\$0.0050	1,397
Issue of shares - Rights Issue Offer shortfall shares	25 March 2024	353,532,551	\$0.0050	1,768
Issue of shares - Vested performance rights	8 April 2024	35,330,829	\$0.0090	318
Reversal of treasury shares held by Altmed Pets, LLC	13 May 2024	133,110	\$0.0000	678
Issue of shares - Vested performance rights	31 May 2024	13,541,667	\$0.0090	122
Issue of shares - Director fee rights	31 May 2024	6,566,603	\$0.0050	35
Issue of shares - Placement	10 October 2024	238,888,889	\$0.0050	1,075
Issue of shares - SPP	21 November 2024	93,333,299	\$0.0050	420
Issue of shares - Healthy Chef acquisition	22 November 2024	100,000,000	\$0.0040	400
Share consolidation 1:8	9 December 2024	(1,534,286,028)	\$0.0000	-
Issue of shares - Director fee rights	20 December 2024	1,641,652	\$0.0430	70
Share issue transaction costs				(565)
Balance	31 December 2024	220,820,137		228,291
Issue of shares	3 June 2025	8,571,429	\$0.0175	150
Issue of shares - Vested performance rights	27 June 2025	799,855	\$0.0720	58
Issue of shares	12 September 2025	46,800,000	\$0.0135	632
Issue of shares - Capital Raise	20 November 2025	136,996,310	\$0.0135	1,849
Placement shares with free attaching options				(760)
Share issue transaction costs				(339)
Balance	31 December 2025	<u>413,987,731</u>		<u>229,881</u>

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.

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.



Note 20. Issued capital (continued)

The capital risk management policy remains unchanged from the 31 December 2024 Annual Report.

Note 21. Reserves

	2025 \$'000	Group 2024 \$'000
Foreign currency translation reserve	9,419	9,223
Share-based payments reserve	1,447	387
	10,866	9,610

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 22. Dividends

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

Note 23. 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.

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.



Note 23. Financial instruments (continued)

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

Group	Assets		Liabilities	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
US dollars	1	-	215	124

The Group had net liabilities denominated in foreign currencies of \$214,000 (assets of \$1,000 less liabilities of \$215,000) as at 31 December 2025 (31 December 2024: net liabilities of \$124,000 (assets of \$nil less liabilities of \$124,000)). 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).

Group - 2025	% change	AUD strengthened		% change	AUD weakened	
		Effect on profit before tax \$'000	Effect on equity \$'000		Effect on profit before tax \$'000	Effect on equity \$'000
US dollars	6%	13	13	6%	13	13

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

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 2025 was \$1,000 (31 December 2024: loss of \$10,000).

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.

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.



Note 23. Financial instruments (continued)

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.

	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
Group - 2025	%	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	1,520	-	-	-	1,520
Other payables	-	263	-	-	-	263
Loans	-	48	188	-	-	236
Deferred consideration	-	267	-	-	-	267
Contingent consideration	-	-	2,405	-	-	2,405
<i>Interest-bearing - variable</i>						
Trade financing	10.34%	1,091	488	-	-	1,579
Lease liability	9.98%	174	200	50	-	424
<i>Interest-bearing - fixed rate</i>						
Credit cards*	23.99%	4	-	-	-	4
Insurance premium funding	4.73%	188	-	-	-	188
Secured loan	12.00%	1,443	-	-	-	1,443
Total non-derivatives		4,998	3,281	50	-	8,329

* 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 23. Financial instruments (continued)

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						
<i>Non-interest bearing</i>						
Trade payables	-	1,817	-	-	-	1,817
Other payables	-	379	-	-	-	379
Loans	-	48	142	-	-	190
Deferred consideration	-	358	-	-	-	358
Contingent consideration	-	-	600	2,103	-	2,703
<i>Interest-bearing - variable</i>						
Trade financing	9.74%	849	401	-	-	1,250
Lease liability	8.02%	185	87	-	-	272
<i>Interest-bearing - fixed rate</i>						
Credit cards*	23.99%	24	-	-	-	24
Insurance premium funding	5.10%	217	-	-	-	217
Total non-derivatives		3,877	1,230	2,103	-	7,210

* 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 24. 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 - 2025	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Liabilities</i>				
Contingent consideration	-	-	1,521	1,521
Total liabilities	-	-	1,521	1,521
Group - 2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Liabilities</i>				
Contingent consideration	-	-	2,703	2,703
Total liabilities	-	-	2,703	2,703

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.



Note 24. Fair value measurement (continued)

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.

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 2024	-
Additions	3,339
Present value adjustment	(636)
Balance at 31 December 2024	2,703
Renegotiation of acquisition terms	(334)
Estimation adjustments	(704)
Present value adjustment	(144)
Balance at 31 December 2025	<u>1,521</u>

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 Probability - weighted estimated cash flows (future earnings)	5.1%	A change in the discount rate by 1% would increase/decrease the fair value by \$63,000. A change in revenue delivered in FY27 by 10% would increase/decrease the fair value by \$110,000



Note 25. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the Company, its network firms and unrelated firms:

	2025 \$	Group 2024 \$
<i>Audit services - RSM Australia Partners</i>		
Audit or review of the financial statements	65,000	-
<i>Other services - RSM Australia Partners</i>		
Taxation compliance services	20,000	-
	<u>85,000</u>	<u>-</u>
<i>Audit services - BDO Audit Pty Ltd</i>		
Audit or review of the financial statements	40,500	246,500
<i>Other services - BDO Audit Pty Ltd</i>		
Taxation services	-	20,000
Other advisory services	-	45,373
	<u>-</u>	<u>65,373</u>
	<u>40,500</u>	<u>311,873</u>
<i>Other services - BDO network firms</i>		
Taxation services	<u>62,820</u>	<u>95,124</u>

Note 26. Contingent liabilities

The Group had no contingent liabilities as at 31 December 2025 and 31 December 2024.

Note 27. Commitments

	2025 \$'000	Group 2024 \$'000
<i>Inventory purchase commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Inventory purchases under contract	<u>1,337</u>	<u>872</u>



Note 28. 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:

	2025	Group 2024
	\$	\$
Short-term employee benefits	804,377	749,035
Post-employment benefits	80,304	79,133
Long-term benefits	27,265	-
Termination benefits	-	175,616
Share-based payments	(18,505)	30,526
	<u>893,441</u>	<u>1,034,310</u>

Note 29. Related party transactions

Parent entity

Elixinol Wellness Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 32.

Key management personnel

Disclosures relating to key management personnel are set out in note 28 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:

	2025	Group 2024
	\$	\$
Current payables:		
Superannuation payable to director, David Fenlon	-	5,501
Superannuation payable to director, Pauline Gateley	2,700	9,582

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

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	2025	Group 2024
	\$	\$
Current borrowings:		
Loan note, director David Fenlon	100,000	-



Note 30. Parent entity information

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

Statement of profit or loss and other comprehensive income

	2025 \$'000	Parent 2024 \$'000
Loss after income tax	(8,705)	(4,596)
Total comprehensive loss	(8,705)	(4,596)

Statement of financial position

	2025 \$'000	Parent 2024 \$'000
Total current assets	454	410
Total assets	3,727	3,594
Total current liabilities	2,477	1,234
Total liabilities	4,143	3,961
Equity		
Issued capital	229,881	228,291
Share-based payments reserve	1,447	388
Accumulated losses	(231,744)	(229,046)
Total deficiency in equity	(416)	(367)

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 33, the parent entity had no other guarantees in relation to the debts of its subsidiaries as at 31 December 2025 and 31 December 2024.

Contingent liabilities

The parent entity had no contingent liabilities as at 31 December 2025 and 31 December 2024.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 31 December 2025 and 31 December 2024.

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 31. Business combinations

31 December 2024

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 values identified in relation to the acquisition are final as at 31 December 2025.

Details of the acquisition are as follows:

	Provisional fair value \$'000	Adjustments \$'000	Final fair value \$'000
Trade receivables	49	-	49
Inventories	431	-	431
Intangibles - Brand names	-	705	705
Intangibles - Other	3,733	(3,112)	621
Trade payables	(68)	-	(68)
Employee benefits	(121)	-	(121)
Deferred tax liability	-	(332)	(332)
Net assets/(liabilities) acquired	4,024	(2,739)	1,285
Goodwill	-	1,981	1,981
Acquisition-date fair value of the total consideration transferred	<u>4,024</u>	<u>(758)</u>	<u>3,266</u>
Representing:			
Cash paid or payable to vendor	471	-	471
Elixinol Global Limited shares issued to vendor	400	-	400
Deferred consideration	450	(334)	116
Contingent consideration	2,703	(424)	2,279
	<u>4,024</u>	<u>(758)</u>	<u>3,266</u>
Cash used to acquire business, net of cash acquired:			
Acquisition-date fair value of the total consideration transferred	4,024	(758)	3,266
Less: contingent consideration	(2,703)	424	(2,279)
Less: deferred consideration	(450)	334	(116)
Less: shares issued by Company as part of consideration	(400)	-	(400)
Net cash used	<u>471</u>	<u>-</u>	<u>471</u>



Note 32. 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	
		2025 %	2024 %
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%	100%

Note 33. 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 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 34. Cash flow information

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

	2025 \$'000	Group 2024 \$'000
Loss after income tax benefit for the year	(5,500)	(1,722)
Adjustments for:		
Depreciation and amortisation	869	1,042
Impairment of non-current assets	268	86
Impairment of inventory	282	285
Share-based payments	434	46
Finance costs	93	-
Earnout estimation adjustments	(704)	-
Others	290	(119)
Change in operating assets and liabilities:		
Decrease in trade and other receivables	417	537
Decrease in inventories	1,232	1,730
Increase in income tax refund due	-	(1)
Increase in deferred tax assets	(535)	(3,590)
Decrease/(increase) in prepayments and other assets	154	133
Decrease in trade and other payables	(298)	(460)
Increase/(decrease) in contract liabilities	28	(530)
Decrease in other provisions	(244)	(196)
Decrease in in accrued expenses	-	(710)
Net cash used in operating activities	<u>(3,214)</u>	<u>(3,469)</u>

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	Secured loan \$'000	Insurance premium funding \$'000	Lease liabilities \$'000	Total \$'000
Balance at 1 January 2024	226	322	-	-	155	545	1,248
Net cash provided from/(used in) financing activities	-	460	468	-	62	(1,041)	(51)
Other changes	(36)	-	-	-	-	769	733
Balance at 31 December 2024	190	782	468	-	217	273	1,930
Net cash (used in)/provided from financing activities	(44)	157	172	1,404	(29)	(305)	1,355
Acquisition of leases	-	-	-	-	-	67	67
Other changes	-	-	-	39	-	334	373
Balance at 31 December 2025	<u>146</u>	<u>939</u>	<u>640</u>	<u>1,443</u>	<u>188</u>	<u>369</u>	<u>3,725</u>



Note 35. Earnings per share

	2025 \$'000	Group 2024 \$'000
Loss after income tax attributable to the owners of Elixinol Wellness Limited	<u>(5,500)</u>	<u>(1,722)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>256,206,879</u>	<u>154,552,184</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>256,206,879</u>	<u>154,552,184</u>
	Cents	Cents
Basic loss per share	(2.15)	(1.11)
Diluted loss per share	(2.15)	(1.11)

Performance rights (note 36) 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 2025 and 31 December 2024.

Note 36. 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 no performance rights were issued. 799,853 performance rights were converted into ordinary shares, and 626,301 performance rights were forfeited during the year, resulting in a share-based payment credit in profit and loss of \$101,000, that included \$107,000 credit for forfeitures and \$6,000 debit for current period expense.

During the current year, 268,796,310 options were also issued. Of these, 183,796,310 options were issued as free attaching options to placement participants. As these options were issued as part of an equity raising transaction, no share-based payment expense was recognised in profit or loss. Instead, the fair value of the options of \$763,000 was recognised as an equity reallocation between issued capital and the share-based payments reserve. The remaining 85,000,000 options were issued in consideration for services and were recognised as equity-settled share-based payments, resulting in a \$514,000 expense recognised in profit or loss. The total equity movement was a debit of \$1,039,000 that included \$58,000 credit for performance rights exercised as issued capital, \$80,000 credit for the transfer of expired rights, \$763,000 debit for equity reallocation of free attaching options, and \$413,000 movement in the share-based payment reserve.

During the prior 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 prior 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.

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.

There were no Share Right grants made during 2025 for the LTIP.



Note 36. Share-based payments (continued)

Grant dates and details

Set out below are summaries of options granted:

2025			Balance at			Expired/	Balance at
Grant date	Expiry date	Exercise price	the start of	Granted	Exercised	forfeited/	the end of
			the year			other	the year
07/06/2023	30/10/2025	\$0.1600	16,375,097	-	-	(16,375,097)	-
31/08/2023	31/08/2025	\$0.1600	286,460	-	-	(286,460)	-
23/11/2023	23/11/2025	\$0.1600	190,973	-	-	(190,973)	-
25/11/2025	23/10/2027	\$0.0200	-	218,796,310	-	-	218,796,310
23/11/2025	23/10/2027	\$0.0200	-	50,000,000	-	-	50,000,000
			16,852,530	268,796,310	-	(16,852,530)	268,796,310

2024			Balance at			Expired/	Expired/	Adjustment to	Balance at
Grant date	Expiry date	Exercise price	the end of	Granted	Expired/	forfeited/	forfeited/	share	the end of
			the year		forfeited/	other	other	consolidation	the year
					Exercised			8:1	
07/06/2023	30/10/2025	\$0.1600	131,000,001	-	-	-	(114,624,904)		16,375,097
31/08/2023	07/10/2026	\$0.1600	2,291,667	-	-	-	(2,005,207)		286,460
23/11/2023	27/08/2027	\$0.1600	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 \$0.014.

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.81 years (31 December 2024: 1.67 years).

Set out below are summaries of performance rights granted:

2025			Balance at			Expired/	Balance at
Grant date	Expiry date		the start of	Granted	Exercised	forfeited/	the end of
			the year			other	the year
27/05/2022	27/08/2027		58,220	-	-	-	58,220
03/10/2023	31/08/2028		1,462,572	-	(799,855)	(626,301)	36,416
			1,520,792	-	(799,855)	(626,301)	94,636



Note 36. Share-based payments (continued)

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)	-	-	-
		<u>80,374,719</u>	<u>33,241,478</u>	<u>(68,572,307)</u>	<u>(32,877,566)</u>	<u>(10,645,532)</u>	<u>1,520,792</u>

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 1.83 years (31 December 2024: 3.04 years).

Valuation model inputs

For the options 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	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
25/11/2025	23/10/2027	\$0.0100	\$0.0200	150.00%	-	4.23%	\$0.0060
28/11/2025	23/10/2027	\$0.0100	\$0.0200	150.00%	-	4.23%	\$0.0060

Note 37. Events after the reporting period

No matter or circumstance has arisen since 31 December 2025 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 2025 in accordance with AASB 10 'Consolidated Financial Statements'.

For person



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 2025 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 33 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

Gavin Evans
Independent Non-Executive Director and Chair

27 February 2026

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 controlled entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2025, 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 statements, 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 2025 and of its financial performance for the year then ended; 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 auditor independence requirements of 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 indicates that the Group incurred a net loss of \$5,500,000 and reported net operating cash outflows of \$3,214,000 during the year ended 31 December 2025 and, as of that date, the Group had net current liabilities of \$942,000. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. 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.

Key Audit Matter	How our audit addressed this matter
<p>Business combinations</p> <p>Refer to Note 31 in the financial statements</p>	
<p>In the previous financial year, the Group acquired the business and assets of The Healthy Chef, which was accounted for provisionally at 31 December 2024.</p> <p>The acquisition was finalised during the year ended 31 December 2025.</p> <p>This is considered a Key Audit Matter as accounting for such a transaction is complex and involves significant judgement in applying the accounting standards. This includes valuation of consideration paid and payable, including contingent consideration, as well as the measurement and recognition of intangible assets. Apart from the accounting treatment of the consideration and assets recognised, there is also a risk that sufficient and accurate disclosures are not made in accordance with accounting standards.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Assessing the share purchase agreement and other associated documents and understanding the nature of the transaction to confirm that it met the definition of a business combination under AASB 3 <i>Business Combinations</i>; • Tracing the value of consideration transferred to supporting documentation; • Reviewing the reasonableness of the valuation of the contingent consideration; • Assessing the accuracy and completeness of fair values of identified assets and liabilities acquired; • Reviewing management's estimates in relation to the purchase price allocation, including measurement and recognition of intangible assets, and the resulting goodwill; and • Reviewing the adequacy of the relevant disclosures, including the disclosures in respect of judgements made, in the financial statements.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed this matter
<p><i>Impairment of goodwill</i></p> <p>Refer to Note 15 in the financial statements</p>	
<p>At 31 December 2025, the Group has goodwill with a carrying value of \$3,134,000.</p> <p>As required under AASB 136 <i>Impairment of Assets</i>, management have tested goodwill for impairment. As goodwill does not generate cashflows that are largely independent from other assets, its recoverable amount was determined by calculating the recoverable amount of the cash generating unit (“CGU”) to which it belongs. This recoverable amount was then compared to the CGU’s carrying amount. In this instance, the recoverable amount was determined to be its value in use.</p> <p>We determined the impairment review of goodwill to be a Key Audit Matter because of the materiality of the Goodwill balance, and because of the significant management judgements and assumptions used to determine the value in use of the CGU which contains it, including the future underlying cashflows of the CGU, estimated growth rates for the next 5 years as well as in perpetuity, and judgements of an appropriate discount rate to apply to the estimated cashflows.</p>	<p>With the assistance of our Corporate Finance team, our audit procedures included:</p> <ul style="list-style-type: none"> • Assessing the reasonableness of management’s determination that the goodwill should be allocated to seven CGUs based on the nature of the Group’s business; • Assessing the valuation methodology used to determine the recoverable amount; • Challenging the reasonableness of key assumptions, including the following: <ul style="list-style-type: none"> ○ Cash flow projections; ○ Future growth rates; ○ Discount rates; ○ Terminal value; • Performing sensitivity analysis over the key assumptions used in the models; • Checking the mathematical accuracy of the cashflow model and reconciling input data to supporting evidence, such as approved budgets, and considering the reasonableness of the evidence (such as budgets); and • Assessing the appropriateness and accuracy of the disclosures included in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 31 December 2025, 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 accordingly we do not express any form of assurance conclusion thereon.

Other Information (continued)

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 (other than the consolidated entity disclosure statement) 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 (other than the consolidated entity disclosure statement) 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 have 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 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 in pages 17 to 25 of the directors' report for the year ended 31 December 2025.

In our opinion, the Remuneration Report of Elixinol Wellness Limited, for the year ended 31 December 2025, 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.



RSM AUSTRALIA PARTNERS



B Y CHAN
Partner

Date: 27 February 2026
Melbourne, Victoria



The shareholder information set out below was applicable as at 17 February 2026.

Equity security holders

Twenty largest quoted equity security holders

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

	Number held	Ordinary shares % of total shares issued
10 BOLIVIANOS PTY LTD	71,831,546	17.89
CITICORP NOMINEES PTY LIMITED	22,624,070	5.64
CG NOMINEES (AUSTRALIA) PTY LTD	16,968,926	4.23
MR STUART RESECK + MRS NICOLE DEANNE RESECK (RESECK SUPER FUND A/C)	13,333,334	3.32
BNP PARIBAS NOMINEES PTY LTD (IB AU NOMS RETAILCLIENT)	11,725,256	2.92
AUSUM PTY LTD (THE WORTHY A/C)	7,956,887	1.98
UBS NOMINEES PTY LTD	7,838,694	1.95
GUVSUPER PTY LTD (EVANS FAMILY SUPER FUND A/C)	7,804,417	1.94
MR KIERAN JOHN O'BRIEN	4,800,000	1.20
MR SYED MUSHLEH UDDIN	4,095,157	1.02
CAPITAL ACCRETION PTY LTD (THE FORTIFIED VALUE A/C)	4,083,798	1.02
MRS MARSHA KATE BURNS (THE HENDERSON FAMILY A/C)	3,703,704	0.92
SOPHISTICATED CAPITAL PTY LTD	3,703,704	0.92
PADDY INVESTMENTS PTY LTD (ROHAN INVESTMENT A/C)	3,703,704	0.92
INVIA CUSTODIAN PTY LIMITED (SALT DISCRETIONARY A/C)	3,703,704	0.92
MR KESHAB CHAPAGAIN	3,500,000	0.87
RIMOYNE PTY LTD	3,439,521	0.86
MR VICTOR SALERNO	3,200,000	0.80
PKT SPRINGBROOK PTY LTD (SPRINGBROOK FAMILY A/C)	2,965,852	0.74
MR CHRISTOPHER ONG	2,777,778	0.69
	<u>203,760,052</u>	<u>50.75</u>

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	92,951,732	93

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
FREEDOM TRADER PTY LTD (Notice dated 20 November 2025)	52,812,092	12.76
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



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.

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Directors	Gavin Evans - Independent Non-Executive Director and Chair Pauline Gately - Independent Non-Executive Director Natalie Butler - Executive Director and Head of Marketing
Group Chief Financial Officer	Adam Dimitropoulos
Company secretary	Melanie Leydin
Registered office	Suite 2 Level 11 385 Bourke Street Melbourne VIC 3000 Tel: (02) 4044 4585 (within Australia) Tel: +61 (0) 2 4044 4585 (outside Australia)
Mailing address	Unit 233 15 Cochranes Road Moorabbin VIC 3189
Share register	Automic Pty Ltd Level 5 126 Phillip Street Sydney NSW 2000 Tel: 1300 288 664 (within Australia) Tel: +61 (0) 2 9698 5414 (outside Australia)
Auditor	RSM Australia 120 Collins Street Melbourne VIC 3000
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	<p>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.</p> <p>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.</p> <p>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</p>