

---

## Bod September 2017 Quarterly Activities Report

### Highlights:

- Significant 180% quarter-on-quarter surge in revenue to \$130,000
- Distribution agreement secured for Uber Secrets
- Medicinal cannabis expert appointed to Board
- Medicinal Cannabis advisory board implemented
- Design completed for Phase I medicinal cannabis clinical trial
- Following the end of the Quarter, Bod secured a landmark agreement with Linnea

**Sydney, Australia – 27 October 2017** – Developer and distributor of natural, evidence-based skin care and health products Bod Australia Limited (“**Bod**” or the “**Company**”) (ASX: BDA) provides this update on the Company’s performance for the three months ending 30 September 2017 (Q1 2018). During the Quarter, the Company delivered a 188% percent surge in revenue and laid foundations for a medicinal cannabis business, while expanding its distribution footprint and product range.

### Strong revenue growth

During Q1 2018, Bod’s sales surged \$137,000, up 188% over the previous quarter (Q4 2017: \$60,000). Due to once-off personnel changes, \$67,000 of this revenue total has been received so far, with the remainder expected over the coming weeks.

The jump in revenue marks the beginning of a significant growth period for Bod’s portfolio of evidence-based, natural medicines and skincare products, which continue to gain traction in the marketplace. The Company is confident of additional revenue increases in Q2 2018.

This rapid growth in sales has also been driven by Bod expanding its distribution channels over recent quarters to include Alpha Inflight Services, Ritchie’s IGA, Romeo’s IGA, selected Priceline stores and Australian Pharmaceutical Industries (API).

As at 30 September 2017, Bod has a strong cash balance of \$2,300,000, and remains sufficiently funded to pursue its growth strategies across both its established natural medicine and skincare business, while also developing its presence in the high-growth medicinal cannabis market.

### Uber Secrets distribution agreement

Bod bolstered its product range and expanded its retail distribution footprint by securing a distribution agreement for the Uber Secrets range of high-quality body exfoliates and scrubs on 22 September 2017.

This established and trusted brand strongly complements Bod’s existing portfolio of premium-quality skincare products, which includes the Pommade Divine all-purpose remedy balm, as well its own evidence based, natural medicines such as Pinpoint and Flexofytol.

### **Leading medicinal cannabis expert appointed to the Board**

Bod strengthened its Board through the appointment of Mr. Mickey Perret as a new Non-Executive Director on 7 August 2017. A seasoned director with over 30 years' experience in senior business roles, Mr. Perret has previously held senior posts at Macquarie Bank, Colonial State Bank and MBF.

Additionally, Mr. Perret brings more than six years' experience as a company director in the rapidly growing North American medicinal cannabis industry, including overseeing numerous marijuana company mergers and acquisitions.

### **Medicinal Cannabis advisory board appointed**

To help guide Bod's strategy in the fast-growing medicinal cannabis sector, the Company has appointed a medical advisory board bringing together internationally-recognised experts from a range of medical and cannabis-related fields.

The advisory panel will help to guide the Company's strategic direction on clinical trials, regulatory compliance and stakeholder engagement.

### **Phase I Clinical Trial progression**

Bod completed the design of a Phase I Clinical Trial of its novel pharmaceutical grade cannabis extract and delivery system to assess the safety, tolerability and pharmacokinetics of single and multiple doses of the unique sublingual formulation of cannabis in healthy volunteers.

The Phase I trial is expected to be completed over an eight-to-nine-month period. Bod will then move directly to a Phase II assessing the effectiveness of this unique extract and delivery combination in the treatment of Epilepsy, chemotherapy-induced nausea and vomiting, as well as Multiple Sclerosis.

### **Agreement formalised with Linnea**

Subsequent to the end of the Quarter, Bod signed a milestone supply and collaboration agreement with Linnea Natural Pharma Solutions (Linnea) covering the development and commercialisation of cannabis-based health and skin care products. Linnea will also assist by providing sample supplies of its products for Bod to evaluate.

During the Development Phase, Linnea will support Bod through the R&D process, including by collaborating to perfect the dosage form. In the Commercial Phase, Linnea gains the first right of refusal to distribute Bod's medicinal cannabis products in international markets where the Company doesn't distribute its products directly.

### **Outlook**

Bod expects that its strong revenue and sales growth from Q1 2018 will continue into Q2 2018. Prudent financial management is a priority, and management is pleased to report that overheads such as staff costs will reduce across Q2 2018 as a result of changes implemented in September.

As noted previously, Bod has achieved an exceptional 188% surge in revenue in Q1 2018, and the Company is confident this rapid growth will continue next quarter.

Additionally, Bod has lodged an application with the Federal Government for an R&D rebate, which the Company expects will net an additional \$220,000 during Q2 2018.

Bod is currently in advanced discussions with additional potential retail distribution partners, and expects to update the market of developments on this front in the near future.

Following the agreement with Linnea, Bod continues to make pleasing progress on its strategy of developing a world-class medicinal cannabis business.

### **Management Commentary**

Bod Australia CEO Jo Patterson said: “This quarter, Bod has provided validation of its strategy by delivering a dramatic surge in sales and revenue. This has been driven by an expansion in our distribution footprints, early success of our own natural medicine products and the addition of new products such as Uber Secrets.

“The Company has made significant progress towards building a world-class medicinal cannabis business. This progress has been clearly illustrated through the design of Phase I clinical trials, the appointment of a Medicinal Cannabis Advisory Board, the addition of Mr. Perret as a Director, and our agreement with Linnea.

“We expect our growth to continue next quarter, and through careful and prudent financial management, we have reduced our staff costs and expect to secure a substantial R&D tax credit in Q2 2018, which will further strengthen our financial position.”

Bod expects to update shareholders further about its operational progress over the coming weeks. For more information: [bodaustralia.com](http://bodaustralia.com)

- ENDS -

### **About Bod Australia**

Bod Australia Limited operates a skin care and natural medicines business focused on all natural, evidence based products. In the skin care segment Bod has exclusive rights to distribute Pommade Divine in Australia, New Zealand and the export market to China, and BIOEFFECT in Australia. Bod is also developing a range of natural medicines, having recently commenced sales of Pinpoint, for memory and concentration, and natural anti-inflammatory Flexofytol. Led by an experienced sales team which includes ex-Bellamy’s sales representatives, the Company is focused on the distribution of these brands and intends to develop new products across baby skin care and additional natural remedies targeting menopause and sinusitis. Bod has also signed a letter of intent with Swiss botanical extracts manufacturer Linnea Natural Pharma Solutions to develop skin care and therapeutic products using standardised, GMP-certified cannabis extracts.

For more information please contact:

Jo Patterson  
Bod Australia  
+61 2 9199 5018

Henry Jordan – Six Degrees Investor Relations  
[Henry.jordan@sdir.com.au](mailto:Henry.jordan@sdir.com.au)  
+61 431 271 538

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

BOD AUSTRALIA LIMITED

**ABN**

89 601 225 441

**Quarter ended ("current quarter")**

30 SEPTEMBER 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
Sales during the quarter     \$130k		
Less: Movement in debtors   (\$63k)		
Cash received from customers	67	67
1.2 Payments for		
(a) research and development	(48)	(48)
(b) product manufacturing and operating costs	(108)	(108)
(c) advertising and marketing	(160)	(160)
(d) leased assets		
(e) staff costs	(253)	(253)
(f) administration and corporate costs	(254)	(254)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(756)</b>	<b>(756)</b>

\* note that certain payments has been reclassified from prior quarter classification. Overall net position remains the same.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(9)	(9)
	(b) businesses (see item 10)		
	(c) investments		
	(d) intellectual property		
	(e) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment		
	(b) businesses (see item 10)		
	(c) investments		
	(d) intellectual property		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(9)</b>	<b>(9)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
	- Loans to other third parties		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	3,034	3,034
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(756)	(756)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(9)	(9)
4.4	Net cash from / (used in) financing activities (item 3.10 above)		
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>2,269</b>	<b>2,269</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,269	1,034
5.2	Call deposits	1,000	2,000
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,269</b>	<b>3,034</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter  
\$A'000

100

Remuneration and fees paid to Directors of the company, including legal services to O'Loughlins.

7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

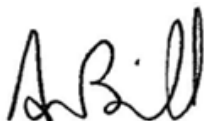
9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	52
9.2 Product manufacturing and operating costs	73
9.3 Advertising and marketing	46
9.4 Leased assets	
9.5 Staff costs	195
9.6 Administration and corporate costs	205
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>571</b>



10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity		
10.2	Place of incorporation or registration		
10.3	Consideration for acquisition or disposal		
10.4	Total net assets		
10.5	Nature of business		

### Compliance statement

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



Sign here: .....  
(Company secretary)

Date: 27 October 2017

Print name: .....

**ANDREW BURSILL**

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.