

December 2017 Quarterly Activities Report

- **Bod becomes one of the first ASX-listed companies to be granted a cannabis import licence – import of cannabis oils and raw materials expected during current quarter**
- **Significant quarter-on-quarter surge in revenue to \$334,000 – an increase of 2.7x QoQ, additionally a net R&D tax rebate of \$246,000 was received during the quarter**
- **Manufacturing and commercialisation agreement with iX Biopharma for ‘trial ready’ cannabis wafer signed – production progressing well at Australian facilities**
- **Phase I Clinical Trial fast tracked through revised study – set to commence near term**
- **Proprietary hemp honey product being developed through HOA with Manuka Pharma – sales to be generated through Bod’s distribution channels first half CY2018**
- **Formulation work on cannabis-based cosmetic products initiated – range of topical treatments to be released during CY2018**
- **Bod continues to explore opportunities to broaden product range and channels to market – further growth to be realised across the current quarter**

Sydney, Australia – 24 January 2018: Developer and distributor of natural, evidence-based cosmetics and natural medicines, Bod Australia Limited (“Bod” or the “Company”) (ASX: BDA) is pleased to provide an update on the Company’s significant growth for the three month period ended 31 December 2017 (Q2 2018).

Significant revenue and distribution growth

The Company is pleased to advise a surge in sales booked of approximately 169% to \$334,000, an increase of 2.7x from the previous quarter (Q1 FY2018: \$124,300) and growth of approximately 457% since Q4 FY2017 (Q4 FY2017: \$60,000). Cash receipts also increased significantly during the period, up 180% to \$188,000 (Q1 FY2018: \$67,000). In addition, the Company received a net R&D tax rebate of \$246,000 during the quarter.

This significant increase in revenue has been driven by an expansion of the company’s domestic distribution channels, enhancement of Bod’s market leading evidence-based, natural medicines and cosmetic product range and the commencement of international sales through a channel of commerce referred to as Daigou selling.

While the Company is pleased with the significant growth in sales across the period, it looks forward to increasing these figures further as revenues are realised from recently completed distribution agreements such as Uber Secrets, Mamacare and the Company’s pending line of hemp honey products being developed via the recently signed agreement with Manuka Pharma.

The Company is also pleased to advise that it has received orders from Daigou buying agents providing access into lucrative Asian export markets. Bod is witnessing a strong sales pipeline building through these channels and expects additional revenues to be realised during the current quarter.

Bod has also witnessed significant growth across its domestic footprint, which now boasts over 800 individual stores, pharmacies and shopping centres through established partners including Australian Pharmaceuticals Industry (API), Priceline Pharmacies, Romeo’s IGA and Alpha Inflight Services amongst others. The Company remains in ongoing discussions with additional parties to expand its distribution channels throughout CY2018.

Agreement with Linnea and Formulation work for cannabis-based cosmetic products

Following a binding Letter of Intent with Linnea Pharma Solutions signed in April 2017, the Company was pleased to progress its relationship during the quarter to a supply and collaboration agreement.

Under the two-phase agreement, Linnea will support Bod through the R&D process by providing sample supplies of its standardised extracts. During this phase, the Company will evaluate all forms of Linnea's cannabis extracts in dry, aqueous and oil form for application in a range of health and beauty products.

Under the commercial phase, Linnea gain first right of refusal to distribute Bod's cannabis health and beauty products in international markets where the Company doesn't distribute its products directly.

Following the agreement, the Company was also pleased to advise that exploratory formulation work had commenced for a range of cannabis-based cosmetic products. Initial focus will be on developing a range of treatments for inflammation and sensitive skin, including serums, foam-based creams and balms utilising Linnea's unique NioSkin extract as an ingredient and transporter of cannabis.

Bod is currently conducting additional R&D into the development and commercialisation of these products and looks to introduce them to the market later this year. The Company is also pleased to advise that discussions with third parties regarding wholesale distribution and white labelling are progressing well.

Cannabis import licence granted

As announced on 4 December 2017, the Company achieved a significant milestone and became one of the first ASX-listed companies to be granted a medicinal cannabis import licence.

The NSW Department of Therapeutic Goods Administration granted the licence, allowing for the import and storage of medicinal cannabis products. Bod has now begun steps to seek approval for import with the Federal Office of Drug Control. Following the regulatory approvals being granted, the Company will import a range of cannabis product from overseas producers, including Linnea SA.

Bod expects to generate near term revenues from the sales of cannabis oils, which will be available to patients through an increasing number of authorised physicians. Further to receiving all relevant approvals, the Company will finalise products for its Phase I Trial, set to commence in the first half of 2018.

Agreement with iX Biopharma

Subsequent to the quarter, Bod entered into an exclusive manufacturing and commercial agreement with Singapore Stock Exchange listed, speciality pharmaceutical company, iX Biopharma Limited (SGX: 42C), for the development and commercialisation of a cannabis wafer product, utilising iX Biopharma's patented wafer delivery method.

Bod will supply iX Biopharma with a range of medicinal cannabis extracts in oil and raw material form. These extracts will be utilised by iX Biopharma to create a unique natural medicine product for use in the Company's Phase I Clinical trials. Bod Australia shall be entitled to own all intellectual property rights to the name and packaging of the commercialised products.

The wafer will be manufactured through a wholly owned subsidiary of iX Biopharma at a Therapeutic Goods Administration and Good Manufacturing Practice facility in Melbourne. This defrays any import costs and gives Bod the Ability to fast track the commencement of Phase I Clinical trials.

Update on Phase I Clinical trials

Also subsequent to the end of Q2 2018 and to further fast track the Company's Phase I Clinical trials, Bod completed an extensive literature review identifying opportunities to improve trial design.

The trial is designed to test the safety, tolerability and pharmacokinetics of Bod's unique sublingual formulation of cannabis utilising Linnea's phytocomplex extract in powder and oil form and iX Biopharma's patented wafer delivery system.

The improved design will reduce the overall cost by reducing sample size without compromising results, as well as shorten the timeframe from ten months to three. It will also provide Bod with access to more studies and formulations, including a comparison to the only other medicinal cannabis product being trialled in Australia.

The Company is set to commence Phase I trials later this year and looks forward to updating shareholders as they progress.

Mamacare pregnancy supplement distribution agreement

During the period, the Company entered into the fast-growing and lucrative pregnancy supplement market through an exclusive distribution agreement with Mamacare. Mamacare's range includes a protein-based pharmaceutical-grade supplement powder that contains all the nutrients women require before, during and after pregnancy, as well as a range of skincare products to support women during their pregnancy.

Under the agreement, Bod will manage all aspects of the Mamacare brand including distribution, marketing and sales. Key competitive advantages of the supplement include its delicious taste, gentleness on the stomach and that it is more easily absorbed than tablets and contains more ingredients than any other product.

Bod is pleased to advise that it is witnessing a strong demand for the product subsequent to the period ended 31 December and looks forward to realising significant revenues from the Mamacare brand in the coming months.

Agreement with Manuka Pharma

In an additional development and subsequent to the end of the quarter, Bod entered into the lucrative Manuka honey market, via a Heads of Agreement with Manuka Pharma for the development, manufacture and supply of a hemp-based, high methylglyoxal (MGS) Manuka honey product line.

Manuka Pharma will source, develop and manufacture the product, while Bod will import it into Australia for packaging under the Company's brand and logo or any brand chosen by Bod.

The finished product will be sold through Bod's established channels to market and into international markets such as China, Hong Kong, North America and Europe. Bod expects revenue to be generated from product sales during the first half of 2018.

Heavily oversubscribed capital raise and strengthened cash position

During the quarter, the Company significantly strengthened its cash position by completing a heavily oversubscribed placement of 10 million shares at \$0.32 per share to sophisticated and institutional investors, including uptake from strategic Asian investors.

The strategic placement was conducted at a premium to both the 15-day and 30-day volume weighted average prices of \$0.289 and \$0.236 respectively.

Funds raised will be used to accelerate sales through the Company's established domestic distribution channels and to pursue international sales growth through key Daigou relationships. Capital will also be deployed to fast track Phase I Clinical trials.

As at 31 December 2017, the Company has a cash balance of approximately \$4,939,000.

Management commentary

Bod Australia CEO Jo Patterson said: “This quarter, Bod has provided further validation of its strategy and delivered a significant surge in sales and revenue. We have made significant progress on numerous fronts, including entering international markets, increasing domestic distribution channels and strengthening the Company’s product portfolio.

“We have also continued to make strong advances in the cannabis and hemp focused business unit. This has been achieved through our recent agreement with iX Biopharma, entry into the lucrative Manuka honey market through our partnership with Manuka Pharma and growth through our relationship with Linnea SA.

“The Company looks forward to progressing the development of hemp and cannabis-based products so it can drive additional revenues by leveraging its established channels to market both domestically and internationally, with the Company continuing to pursue opportunities in the North American and European markets.

“We are in a period of transformational growth and we look forward to providing further updates to the market around product expansion, Phase I Clinical trials, increased sales and revenue and all other developments in the coming months.”

For more information: bodaustralia.com

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About Bod Australia

Bod Australia Limited operates two integrated business units. The Company is a developer and distributor of cosmetics and natural medicines, focused on all natural, evidence based products. Bod has developed a significant distribution footprint in the Australian market with access to over 800 pharmacies and is also targeting Asian markets through key Daigou relationships. Bod Australia is also building a sustainable, multi-faceted cannabis business through a supply and collaboration agreement with Swiss botanical extracts manufacturer, Linnea Natural Pharma Solutions. The Company aims to develop a range of over the counter and therapeutic products based on GMP-certified cannabis extracts.

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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")

31 DECEMBER 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
Sales for Qtr. \$334k		
Less: movement in debtors (\$146k)		
Cash received from customers	188	255
1.2 Payments for		
(a) research and development	(60)	(108)
(b) product manufacturing and operating costs	(84)	(192)
(c) advertising and marketing	(72)	(232)
(d) leased assets		
(e) staff costs	(236)	(489)
(f) administration and corporate costs	(321)	(575)
1.3 Dividends received (see note 3)		
1.4 Interest received	20	20
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives (Nett)	246	246
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(319)	(1,075)

* 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 (6 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(0)	(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)		
2.6 Net cash from / (used in) investing activities	(0)	(9)
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	3,200	3,200
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	(211)	(211)
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		
3.10 Net cash from / (used in) financing activities	2,989	2,989

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	2,269	3,034
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(319)	(1,075)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(0)	(9)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,989	2,989
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of quarter	4,939	4,939

5. Reconciliation of cash and cash equivalents		Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts			
5.1	Bank balances	3,919	1,269
5.2	Call deposits	1,020	1,000
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,939	2,269

6. Payments to directors of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	102
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	

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

7. Payments to related entities of the entity and their associates	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	

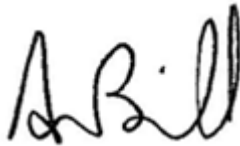
8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of 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. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	41
9.2 Product manufacturing and operating costs	78
9.3 Advertising and marketing	49
9.4 Leased assets	0
9.5 Staff costs	202
9.6 Administration and corporate costs	245
9.7 Other (provide details if material)	0
9.8 Total estimated cash outflows	615

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: 24 January 2018

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.