

Bod Australia Limited (ASX:BDA) is a developer, distributor and marketer of health products and supplements, with a focus on plant-based extracts including medicinal cannabis.

CAPITAL STRUCTURE

ASX code	BDA
Shares on issue	88.7m
Market Capitalisation	~\$38.1m

BOARD & MANAGEMENT

Mr George Livery
Executive Chairman

Ms Jo Patterson
Chief Executive Officer

Mr Stephen Thompson
Executive Director

Mr Akash Bedi
Non-Executive Director

Mr Patrice Malard
Non-Executive Director

Mr Simon O'Loughlin
Non-Executive Director

Mr Simon Taylor
Non-Executive Director

Mr Stephen Kelly
Company Secretary

CONTACT

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Quarterly Activities Report: Bod delivers revenue growth across all business divisions

- **Medicinal cannabis prescription volumes up 860% quarter-on-quarter - Bod is now one of the top ASX-listed medicinal cannabis providers by prescription volume**
- **Sales for the period totalled \$507,000 (Q4FY2019: \$184,000)**
- **MediCabilis™ contributes to revenue growth - 37% of sales derived from cannabis products**
- **UK market entry pending via key distribution agreement - gives Bod access to 4,000 potential hospitals, clinics and physician groups**
- **\$7m strategic investment from NewH2 and exclusive global agreement to commercialise CBD and hemp products with Health & Happiness Group Limited (HKSE:1112)**
- **Sales under the OTC business with H&H Group to commence Q2**
- **Leading healthcare executive Mark Masterson to be officially appointed as Chairman**
- **UTS collaboration uncovers novel delivery system to combat skin aging process**
- **Bod well positioned to capitalise on growth with a cash balance of ~\$9.7m**

Sydney, Australia – 14 October 2019: Medicinal cannabis healthcare products company, Bod Australia Limited (“Bod”, the “Company”) (ASX: BDA), is pleased to provide this update to shareholders for the quarter ended 30 September 2019 (Q1 FY2020).

The Company considerably strengthened its balance sheet with a \$7m strategic investment from NewH2 the innovation arm of Health & Happiness Group Limited (H&H Group) (HKSE:1112), achieved rapid uptake in prescriptions of its MediCabilis™ product (“MediCabilis™”), unlocked a potential new solution to guard against the skin aging process and progressed strategic board appointments. Bod also witnessed considerable growth in revenue during the period.

Significant growth in medicinal cannabis prescription volumes:

Bod achieved its most considerable growth to date in MediCabilis™ prescription volumes. Total prescriptions for the quarter totalled 1,047, an 860% increase on Q4 FY2019 (Q4 FY2019 volumes: 109). During this calendar year, Bod has filled a total of 1,158 MediCabilis™ prescriptions, making the Company one of Australia’s top medicinal cannabis providers.

Bod witnessed a 273% increase in volumes from June to July, a 95% increase from July to August and a 65% increase from August to September. MediCabilis™ is now being utilised for up to 17 different conditions including chronic pain, Post Traumatic Stress Disorder and neurological disease, amongst others, outlining the versatility and quality of Bod’s product in a highly competitive landscape.

Pleasingly, Bod is also witnessing multiple repeat prescriptions for MediCabilis™, outlining physician and patient satisfaction. Of patients utilising MediCabilis™ for chronic pain, 35% have filled a repeat prescription. Further, 59% of patients prescribed MediCabilis™ for Epilepsy or seizure management repeat purchase. It is estimated that one in three patients are using MediCabilis™ more than once when prescribed.

Rapid uptake is attributed to Bod’s distribution partnerships, quality and consistent nature of the unique cannabis CBD extract in MediCabilis™ and the certainty of supply that Bod can offer.

Corporate:

Sales for the period were \$507,000 (Q4FY2019: \$184,000). Increase in sales is reflective of the growth witnessed across all operating divisions. Bod's medicinal cannabis and pharmaceutical business division accounted for approximately 37% of sales for the period. Bod's OTC division accounted for the remaining 63%.

The Company believes sales will increase across the coming quarters through additional uptake of its medicinal cannabis products, international market entries and products associated with Bod's CBD and hemp division coming to market.

Bod remains well capitalised with ~\$9.7m in cash, as at 30 September 2019. Bod's cash position was bolstered by the \$7m investment from H&H Group, as well as Board and management exercising 4.5m options to raise an additional \$1.2m. Estimated cash outflows for the December quarter are ~\$2.4m. Bod advises that outflows are slightly higher due to the purchase of raw materials for product commercialisation. The Company is confident that these costs will translate into additional revenues as products come to market in the coming months.

Bod secures medicinal cannabis distribution agreement with UK medicines manufacturer:

Bod signed a Heads of Agreement with UK Specials Medicine manufacturer, to import and distribute MediCabilis™ throughout the United Kingdom.

The UK Specials Medicine manufacturer are a leading MHRA licenced medicines manufacturer. The group manufactures a wide range of unlicensed or special medicines for an extensive network of hospitals, pharmacies and clinicians across the United Kingdom and Ireland. The company was established in the US in 1981, before moving into the UK in 1999. Together in the US, UK, Canada and Australia, the company boasts over 4,000 customers.

Bod is about to commence the importing of MediCabilis™ into the UK and expects to begin prescribing MediCabilis™ imminently. Both parties will aim to meet the needs of patients in the UK, as well as hospitals progressing clinical trials. Bod will progress educational initiatives to ensure rapid product uptake throughout the region.

Strategic investment from NewH2 and agreement with Health and Happiness Group Limited:

Bod secured an investment from NewH2, the innovation arm of H&H Group and entered into an exclusive global agreement to commercialise Bod's CBD products for relevant markets. Under the agreement, NewH2 took a 17.64% stake in Bod for a \$5.5m investment. The agreement included a \$1.5m upfront cash payment for the exclusivity, which will be used for R&D and product development initiatives relating to CBD and hemp products.

H&H Group is a leader in premium adult and baby nutrition and care products. The group has an international footprint and a track record of growing and scaling businesses. H&H Group now hold the exclusive right to commercialise Bod's nutraceuticals, skincare, tinctures, hemp seed oil and lifestyle products. H&H Group will sell, promote, market and distribute these products under a new brand with sales to begin Q2 FY2020.

Bod will benefit from H&H Group's global distribution footprint and will drive a more rapid scale-up alongside H&H's internationally marketed products. Bod will receive a royalty on net sales from products, as well as a cost plus margin for the supply of its finished formulas and extracts. Both parties have also entered into a joint development agreement for future product development initiatives.

Following the agreement, Bod has emerged with three key operating businesses. These include a medicinal cannabis and pharmaceutical division focused on progressing and commercialising prescription products, a CBD and Hemp OTC product division which is focused on innovation and R&D associated with H&H Group and an OTC herbal product business segment which covers Bod's plant based products outside cannabis and hemp.

Board appointments strengthen management team:

As part of the strategic agreement with H&H Group, Bod also appointed Mr Akash Bedi, Senior Director of Strategy & Corporate Affairs at H&H Group and Mr Patrice Malard, Chief Technology Officer of H&H Group as Non-executive Directors.

Further, Bod advised that it will appoint leading healthcare executive, Mr Mark Masterson as Non-Executive Chairman. Mr Masterson will be appointed subject to shareholder approval for his appointment at the Company's Annual General Meeting, the date of which will be held on 11 November 2019.

Mr Masterson has an extensive career in the pharmaceutical and healthcare sectors. He began his career with Johnson & Johnson and then moved to global healthcare giant, Abbott Laboratories (NYSE: ABT, market capitalisation: US\$147.83Bn), where he held a number of global leadership positions in Asia, Europe, USA and Australia. He was subsequently promoted to Vice President of Commercial Operations in Asia and as a Corporate Officer for the group.

Following his time with Abbott Laboratories, Mr Masterson undertook the role of Chief Executive Officer of Australia's largest private diagnostic imaging network, I-MED. Following the sale of I-MED, Mr Masterson was appointed Chairman of Medicines Australia, the leading representative body for discovery-driven pharmaceutical companies across the nation.

Following Mr Masterson's appointment, current Executive Chairman Mr George Livery will move to a Non-Executive Director role. To further streamline the Board, Bod advises that Mr Stephen Thompson will assume an Alternate Director position and Mr Simon Taylor will retire from the Board of Directors.

UTS collaboration uncovers novel delivery system to combat skin aging process:

Following a three year collaboration with University of Technology Sydney Scientists, Bod has potentially discovered a novel family of proteins found in human cells that provide antioxidant protective effects when applied to cells, that could be used topically.

These proteins were found to be instrumental in protecting cells and increasing tolerance and recovery to UV light, along with other sources of oxidative damage when overexpressed in mammalian cells. Laboratory testing also showed increased levels of antioxidant activity, cellular growth and metabolism, furthering the protein's cellular protective effects.

This discovery allows Bod the potential to develop a patent protected, novel anti-aging topical application and topical delivery system. Bod retain the global rights to the delivery method, which it will commercialise or licence to large pharmaceutical or healthcare companies.

Bod and UTS will continue to explore potential uses for the protein as a delivery method for both CBD and hemp products, as well as other cannabis compounds.

Outlook:

Bod expects to deliver on a number of growth objectives in the current period and remainder of FY2020, including:

- Commercialisation and subsequent sale of CBD and Hemp products in relevant markets
- Ongoing increases in MediCabilis™ prescription volumes domestically and internationally
- International market entries and distribution agreements for MediCabilis™ product
- Supply of cannabis extracts and trial stock for different medical conditions
- Collaborations with key research groups to further define indications for Bod's cannabis products

Comment:

CEO Jo Patterson said: "Q1 FY2020 marks a period of tremendous growth for Bod Australia. The Company has made considerable progress across all business divisions through agreements with internationally renowned health and wellness companies, distribution agreements to drive growth and the rapid increase in medicinal cannabis prescriptions.

"The appointment of Patrice Malard and Akash Bedi to the Board considerably strengthens the Company's focus on CBD and hemp product development. Further, the impending election of Mark Masterson, as Chairman will also bolster Bod's focus on medicinal cannabis and pharmaceuticals.

"Bod has laid a strong foundation for growth during the first quarter and will continue its work in executing and proving its business model through product commercialisation, the progression of key partnerships and international market entries. We look forward to updating shareholders on progress in the near term."

- ENDS -

ABOUT BOD AUSTRALIA

Bod Australia Limited is a global healthcare and wellness company with a simple mission to innovate to transform the way we live and enjoy life. The company is focused on harnessing the health benefits of Cannabis and Hemp in multiple product offerings. The company is focused on two verticals:

1. Medicinal Cannabis: Commercialising and distributing a range of clinically proven cannabis products available via prescription to treat multiple medical conditions.
2. Consumer cannabidiol (CBD) and hemp and other plant based products: Developing over the counter products associated with CBD and hemp for every day end users. CBD and Hemp products are being developed and exclusively licenced to major shareholder Health and Happiness Group Limited (HKSE:1112). Bod also has an extensive range of herbal products outside of CBD and hemp, currently being sold across through an extensive footprint of pharmacies and banner groups globally.

BODAUSTRALIA.COM

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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")

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
Sales for the quarter:507		
Less movement in debtors 191		
Cash received from customer	315	315
1.2 Payments for		
(a) research and development	(318)	(318)
(b) product manufacturing and operating costs	(465)	(465)
(c) advertising and marketing	(132)	(132)
(d) leased assets	-	-
(e) staff costs	(469)	(469)
(f) administration and corporate costs	(357)	(357)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	7
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)	-	-
1.9 Net cash from / (used in) operating activities	(1419)	(1419)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	(12)	(12)
(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	(12)	(12)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	7000	7000
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	1290	1290
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)	-	-
3.10 Net cash from / (used in) financing activities	8290	8290

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	2837	2837
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1419)	(1419)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(12)	(12)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	8290	8290
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	9696	9696

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	1696	1837
5.2	Call deposits	8000	1000
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)	9696	2837

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	141
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

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	420
9.2 Product manufacturing and operating costs (*)	883
9.3 Advertising and marketing	202
9.4 Leased assets	-
9.5 Staff costs	529
9.6 Administration and corporate costs	392
9.7 Other	-
9.8 Total estimated cash outflows	2426

**Product manufacturing reflect an increase which is a direct reflection of pre purchasing of raw materials to support the commercialisation of products launching in Q2&Q3*

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

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: 
(Director/Company secretary)

Date: 14 October 2019

Print name: Stephen Kelly

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.