

Bod is a cannabis centric healthcare company. With a global focus and a mission to innovate and transform the way we live and enjoy life. Delivering premium, proven and trusted products for both the consumer markets and medical markets. Leading the way in research and development, through collaborations with research partners on clinical trial programs.

Committed to supporting the healthcare professional on Cannabinoid applications with education, research and knowledge.

CAPITAL STRUCTURE

ASX code **BDA**
 Shares on issue 91.4m
 Market Capitalisation ~\$23.8m

BOARD & MANAGEMENT

Mr Mark Masterson
 Non-Executive Chairman

Ms Jo Patterson
 Chief Executive Officer

Mr Akash Bedi
 Non-Executive Director

Mr George Livery
 Non-Executive Director

Mr Patrice Malard
 Non-Executive Director

Mr Simon O'Loughlin
 Non-Executive Director

Mr Stephen Kelly
 Company Secretary

CONTACT

Level 1, 377 New South Head Rd
 Double Bay, NSW 2028

T +612 9199 5018
 E info@bodaustralia.com.au

Quarterly Activities Report: Strong momentum continues with record quarter of revenue growth

- Q4 FY2020 sales revenue of \$2.74m – 118% increase on Q3 FY2020 (Q3 FY2020: \$1.25m)
- \$6.14m in revenue achieved in FY2020 – 358% increase on FY2019 (FY2019: \$1.34m)
- Q4 FY2020 cash burn decreased to \$0.73m – 55% decrease on PCP (Q4 FY2019: \$1.61m)
- Cash used in operating activities continues to decrease as revenue from sales increases (*see image two and three overleaf*) – bringing Bod closer to a cashflow positive position
- Increased revenue driven by unprecedented demand for CBD, hemp and medicinal cannabis products, new international market entries and strong relationship with H&H Group Limited
- Solid cash balance of ~\$6.3m provides near-term flexibility to pursue multiple growth drivers

Sydney, Australia – 21 July 2020: Medicinal cannabis, CBD and hemp healthcare products company, Bod Australia Limited (“Bod”, or “the Company”) (ASX: BDA) is pleased to provide this update to shareholders for the quarter ended 30 June 2020 (Q4 FY2020).

The Company is pleased to report that it has achieved record revenues for the quarter, driven largely by the continued uptake of its medicinal cannabis product range, MediCabilis™, across both Australia and the UK, steady sales of CBD products in the UK through CBII, and hemp based products in collaboration with Swisse Wellness in over 2,000 Australian stores. Pleasingly, Bod also decreased its operating expenditure significantly, allowing the Company to progress closer to a cashflow positive position. Further details on the Company’s performance for the quarter have been outlined below.

Corporate overview:

Bod achieved record revenue of \$2.74m for the quarter, a 118% increase on Q3 FY2020 revenue (Q3 FY2020: \$1.25m). Further, total FY2020 revenue of \$6.14m increased ~358% on total FY2019 revenue (FY2019: \$1.34m).

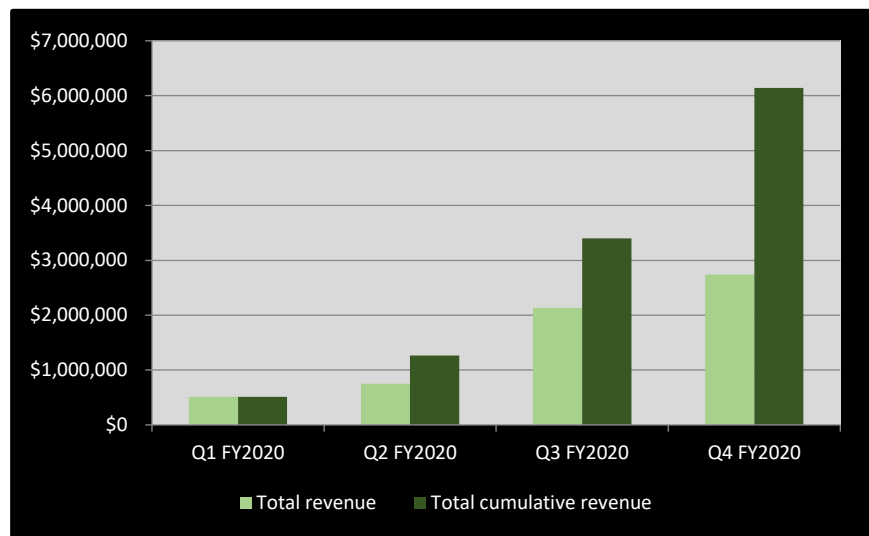


Image one: Total revenue achieved per quarter and cumulative FY 2020 revenue growth

The notable increase in revenue was generated by uptake of Bod’s CBD products in the UK and hemp based products under the Swisse Wellness brand in Australia. Ongoing sales of MediCabilis™ in Australia and the UK also added to sales.

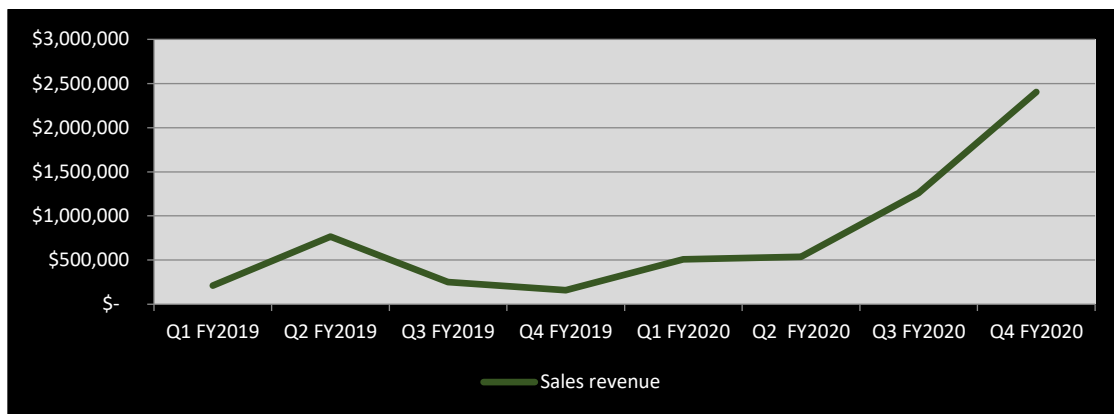


Image two: sales revenue per quarter (FY2019 – FY2020)

Pleasingly, Bod continued to further reduce its cash burn during the quarter to \$0.73m, marking an ~11% decrease on the previous quarter (Q3 FY2020: \$0.82m) and a 55% decrease on the previous corresponding quarter (Q4 FY2020: \$1.61m). Reduced cash burn has been achieved through stringent controls of all operating expenditure, without compromising Bod’s investments in innovation, R&D and key recruitments.

The Company anticipates that these favourable trends in revenue and operating expenditure will continue into FY2021 and beyond, outlining a path towards a cashflow positive position.

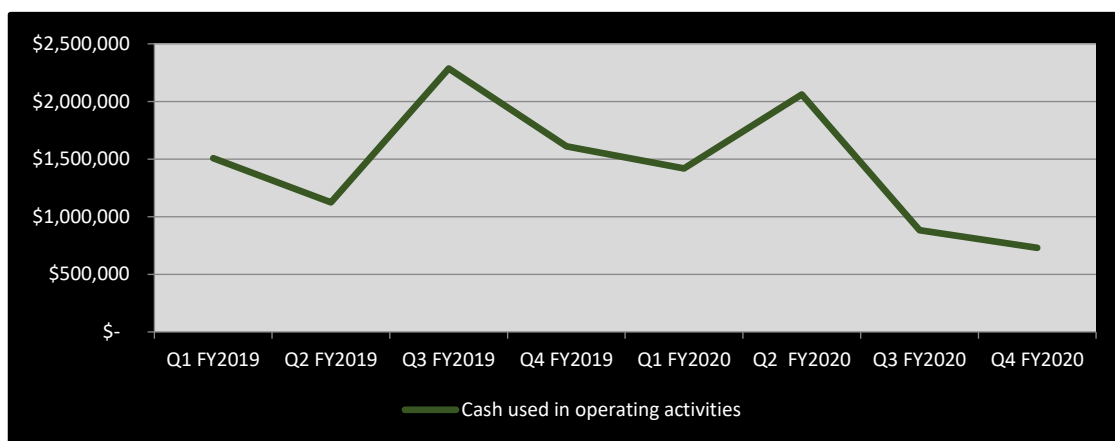


Image three: Cash used in operating activities (FY2019 – FY2020) (zero represents cashflow breakeven point)

This is an excellent result for the Company and provides validation of the investments that Bod has made in its medicinal cannabis and CBD and hemp consumer product divisions, which are now generating growing, diversified and sustainable revenue streams.

Bod has retained a strong cash balance of ~\$6.3m at the end of the quarter, which provides the flexibility and confidence to continue driving growth. The Company has several value accretive initiatives planned for roll out over the coming months that will continue to grow its revenue profile substantially.

During the quarter the Company made payments totalling \$0.18 million to related parties representing remuneration paid to Directors.

First medicinal cannabis prescriptions in the UK:

A major milestone delivered during the quarter was the receipt of first prescriptions for MediCabilis™ in the UK. The prescriptions came from a leading medicinal cannabis organisation, which has a number of clinics in London and the UK.

The group focuses on patients living with chronic and debilitating conditions, whose previous treatments have not been sufficiently effective. The organisation provides premium care through innovative and effective treatments, which is overseen by leading medicinal cannabis specialists.

The UK has approximately 7.3m consumers using CBD annually and represents a major market opportunity. The UK market is expected to grow in value to US\$3Bn per annum by 2024ⁱ and to €8.8Bn by 2028ⁱⁱ. This would represent a market four times larger than Australia in 2028 (estimated Australian market value in 2028: €1.9Bnⁱⁱⁱ).

Bod worked collaboratively with its distribution partners in the UK during the quarter to ensure all necessary infrastructure is in place and that it can scale operations rapidly. The Company is continuing to engage with physicians and medical organisations across the UK and expects patient demand to increase over the coming months and beyond.

Initial medicinal cannabis prescriptions from Project Twenty21:

Underpinning further growth in its medicinal cannabis division, Bod filled its first MediCabilis™ prescriptions as part of Project Twenty21. This is a major milestone as it provides Bod with an additional, reliable sales channel for MediCabilis™ in this market.

Project Twenty21 is Europe’s largest medicinal cannabis registry, targeting 20,000 patients. The registry intends to reach patients suffering from a range of conditions including chronic pain, Post Traumatic Stress Disorder, Tourette’s Syndrome, anxiety disorders and issues arising from substance abuse in an aim to generate the largest body of evidence for the efficacy of medicinal cannabis.

Bod is one of five companies participating and expects to supply a minimum of 1,000 patients during the registry. The Company is selling its unique 5% MediCabilis™ CBD product for £150.00 per unit during Project Twenty21 and is confident that sales will add to its growing revenue profile.

The registry is expected to conclude at the end of 2021, but may continue into 2022 due to current conditions. Bod will provide ongoing updates on prescription volumes received from the initiative.

Ongoing MediCabilis™ product uptake:

Uptake of Bod’s MediCabilis™ products with physicians and patients continued, with 990 units sold during the quarter. This marks an ~808% increase on the PCP (Q4 FY2019: 109 prescriptions) and takes the total number of prescriptions filled to ~4,000.

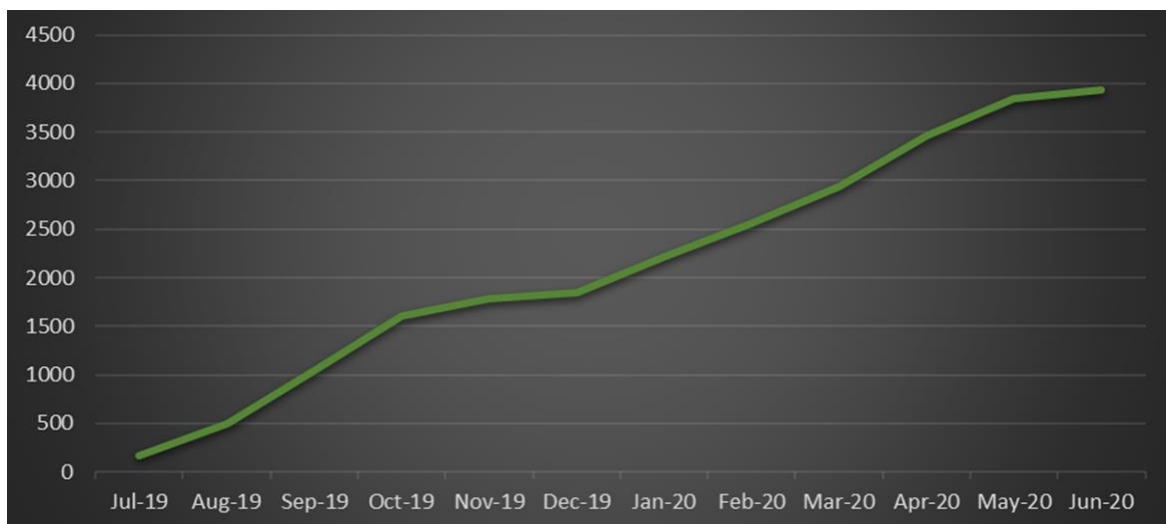


Image three: Total MediCabilis™ units sold during FY2020

The Company continues to achieve a very high rate of return patients. In June, 80% of MediCabilis™ sales were to repeat customers, highlighting product satisfaction within the medical community. Prescription volumes are expected to increase in the next quarter and throughout FY2021 as Bod fills orders from Project Twenty21, it’s Australia-wide open label study and as additional agreements with clinics are secured in the United Kingdom.

Effects of COVID-19:

Bod has not experienced any adverse effect on operations from COVID-19. The Company has developed a workplace safety policy, designed to ensure the safety of staff and will continue to evolve practises to reflect the operating environment. The Company has not made any redundancies because of the pandemic, instead creating three new positions to aid growth.

Given Bod's MediCabilis™ products are used by patients with chronic conditions and are available on a prescription only basis, sales channels remain uninterrupted by the effects of COVID-19. Further, Bod's consumer product ranges are centred on preventative healthcare, and following the outbreak of the pandemic, Bod has seen consumers move further towards supplementation to support wellbeing, allowing the Company to further benefit.

The Company is not reliant on a single contract manufacturer, and its raw material suppliers have adapted appropriate contingencies to ensure all aspects of the supply chain remain uninterrupted despite broader conditions.

Outlook:

Bod is focused on delivering several important growth objectives this quarter and throughout FY2021, including:

- International market and product expansion initiatives with new and existing H&H Group brands, including Swisse and CBII;
- Further growth in MediCabilis™ prescription volumes in Australia, the UK and other target markets;
- Collaborations with research groups to advance insight into the application of CBD and the use of MediCabilis™ on chronic conditions.

Management commentary:

CEO Jo Patterson said: *"This is a great result for Bod and validates the strategic investments made towards key growth opportunities over the past 12 months. Most importantly, Bod now has two core divisions that are generating growing, diversified and sustainable revenue streams and we enter FY2021 with considerable momentum.*

"Cash used in operating activities continues to decrease, while demand for our products continues to increase. We are confident that revenue will only continue to build as we add line extensions, introduce new innovative products and enter new markets. We expect revenue will continue to grow during FY2021 and well beyond, while cash burn will continue to lower.

"We look forward to providing ongoing updates on new product launches, R&D initiatives, partnerships and revenue growth in the coming months."

- ENDS -

ABOUT BOD AUSTRALIA

Bod Australia Limited (ASX:BDA) Bod is a cannabis centric healthcare company.

With a global focus and a mission to innovate and transform the way we live and enjoy life.

Delivering premium, proven and trusted products for both the consumer markets and medical markets.

Leading the way in research and development, through collaborations with research partners on clinical trial programs.

Committed to supporting the healthcare professional on Cannabinoid applications through education, research and trials.

For more information please contact:

Jo Patterson
Chief Executive Officer
info@bodaustralia.com
+61 2 9199 5018

Henry Jordan
Six Degrees Investor Relations
henry.jordan@sdir.com.au
+61 431 271 538

ⁱ The UK Cannabis Report – December 2019 – Prohibition Partners

ⁱⁱ The European Cannabis Report (fourth edition) 2019 – Prohibition Partners

ⁱⁱⁱ The Oceania Cannabis Report 2018 – Prohibition Partners



Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Bod Australia Limited

ABN

89 601 225 441

Quarter ended ("current quarter")

30 June 2020

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|--|------------------------------------|---|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | | |
| | QTR | YTD |
| | \$A'000 | \$A'000 |
| Sales | \$2,353 | \$4,653 |
| Increase in debtors | (\$22) | (\$929) |
| Cash received from customers | <u>\$2,331</u> | <u>\$3,634</u> |
| | 2,331 | 3,634 |
| 1.2 Payments for | | |
| (a) research and development | (441) | (1,318) |
| (b) product manufacturing and operating costs (relating to the sales recorded above) | (1,765) | (4,568) |
| (c) advertising and marketing | (38) | (327) |
| (d) leased assets | - | - |
| (e) staff costs | (433) | (2,016) |
| (f) administration and corporate costs | (462) | (1,503) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | - | 76 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | 50 | 901 |
| 1.8 Other (royalty/development fee revenue) | 28 | 1,528 |
| 1.9 Net cash from / (used in) operating activities | (730) | (3,593) |

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|----------------------------|--|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) entities | - | - |
| (b) businesses | - | - |
| (c) property, plant and equipment | (5) | (5) |
| (d) investments | - | - |
| (e) intellectual property | (96) | (108) |
| (f) other non-current assets | - | - |
| 2.2 Proceeds from disposal of: | | |
| (a) entities | - | - |
| (b) businesses | - | - |
| (c) property, plant and equipment | - | - |
| (d) investments | - | - |
| (e) intellectual property | - | - |
| (f) 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 | (101) | (113) |

| | | |
|---|----------|--------------|
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of equity securities (excluding convertible debt securities) | - | 7,000 |
| 3.2 Proceeds from issue of convertible debt securities | - | - |
| 3.3 Proceeds from exercise of options | - | 1,755 |
| 3.4 Transaction costs related to issues of equity securities or convertible debt securities | - | - |
| 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 | - | 8,755 |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|--------------------------------------|--|----------------------------|--|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 7,217 | 2,837 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (730) | (3,593) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (101) | (113) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | 7,255 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 6,386 | 6,386 |

| 5. | Reconciliation of cash and cash equivalents 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 | 2,386 | 7,217 |
| 5.2 | Call deposits* | 4,000 | - |
| 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) | 6,386 | 7,217 |

6. Payments to related parties of the entity and their associates

| | | |
|-----|---|-----|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | 180 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | - |

**Current quarter
\$A'000**

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

| | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|---------------------------------------|---|---|
| 7.1 Loan facilities | - | - |
| 7.2 Credit standby arrangements | - | - |
| 7.3 Other (please specify) | - | - |
| 7.4 Total financing facilities | - | - |

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

The Company has no financing / debt facilities.

| 8. Estimated cash available for future operating activities | \$A'000 |
|---|----------------|
| 8.1 Net cash from / (used in) operating activities (Item 1.9) | (730) |
| 8.2 Cash and cash equivalents at quarter end (Item 4.6) | 6,386 |
| 8.3 Unused finance facilities available at quarter end (Item 7.5) | - |
| 8.4 Total available funding (Item 8.2 + Item 8.3) | 6,386 |
| 8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1) | 9 |

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

Not applicable

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

Not applicable

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Not applicable

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.

Date: 21 July 2020

Authorised by: **The Board of Directors of BOD Australia Limited**

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.