

European expansion underpins record total attributable sales growth

- **Total attributable sales¹ of \$3.33m – 52% increase on previous quarter (Q1 FY2021: \$2.2m) and a 144% increase on PCP (Q2 FY2020: 1.3m)**
- **Sales growth driven by new purchase orders in the UK and Europe for CBD and hemp consumers products**
- **Record MediCabilis™ sales – 2,360 units sold, marking a 49% increase on the last quarter (Q1 FY2021: 1,581) and a 202% increase on the PCP (Q2 FY2020: 779)**
- **Leading medical advisory board established to capitalise on favourable regulatory shifts**
- **Cash balance significantly strengthened - \$10.6m at bank to pursue growth opportunities**

Sydney, Australia – 28 January 2021: 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 31 December 2020 (Q2 FY2021).

Bod made significant progress during the quarter, delivering record total attributable sales, expansion into European markets, growing medicinal cannabis sales, the formation of a leading medical advisory board and completion of a private placement to allow the necessary financial flexibility to pursue growth opportunities.

Corporate overview:

Bod achieved record total attributable sales for the period of \$3.33m, which was made up of \$0.95m in invoiced sales and \$2.38m in binding purchase orders. This is a major achievement for the Company and highlights a 52% increase in total attributable sales on the previous quarter (Q1 FY2021: \$2.2m) and 144% growth on the previous corresponding period (Q2 FY2020: \$1.3m).

Total attributable sales for the period stemmed from purchase orders secured from exclusive global partner Health and Happiness Group Limited (H&H, HKSE: 1112) for the launch of CBD and hemp products into France, Italy, the Netherlands and the UK. Bod expects to complete these orders this quarter, which will further add to the revenue profile. Growth was also underpinned by increased sales of Bod’s medicinal cannabis products, MediCabilis™ in Australia.

Administration and corporate costs were down 13% from the previous quarter (Q1 FY2021: \$181,000) and 55% on the previous corresponding period (Q2 FY2020: \$346,000), in line with Bod’s ongoing commitment to reduce overall operating expenditure.

Product and manufacturing costs were \$1.2m and relate to payments for raw materials for existing purchase orders from H&H. These cash outflows have allowed Bod to report record total attributable sales and also prepare for additional orders expected over the coming quarters.

Bod expects sales growth to continue with additional purchase orders anticipated for new market entries, as well as increased demand for MediCabilis™ in Australia and the UK in the coming months.

The Company retained a healthy cash balance of \$10.6m. This was strengthened following a successful placement and together with growing customer receipts and an ongoing reduction in operating expenses, Bod is well capitalised to progress its near term growth initiatives.

Bod made payments totalling \$0.16m to related parties representing remuneration paid to directors during the period.

¹ Total attributable sales is a non-IFRS measure and represents the sum of invoice sales and binding purchase orders received during the reporting period.

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 105.8m
 Market Capitalisation ~\$50.7m

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

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Growth in medicinal cannabis sales:

Bod filled a total of 2,360 medicinal cannabis prescriptions Q2 FY2021, which marked a 49% increase on the previous quarter (Q1 FY2021 total MediCabilis™ prescriptions 1,581) and a 202% increase on the previous corresponding period (Q2 FY2020 total MediCabilis™ prescriptions: 779). The increase in volumes were part of a record purchase order that Bod secured during Q1 FY2021 for 2,630 MediCabilis™ units (refer ASX announcement: 7 October 2020), which have been delivered and booked as sales.

Q2 FY2021 prescriptions took the total MediCabilis™ orders filled during CY2020 to 6,004 units, marking a 206% increase on CY 2019 (CY2019 medicinal cannabis prescriptions: 1,959).

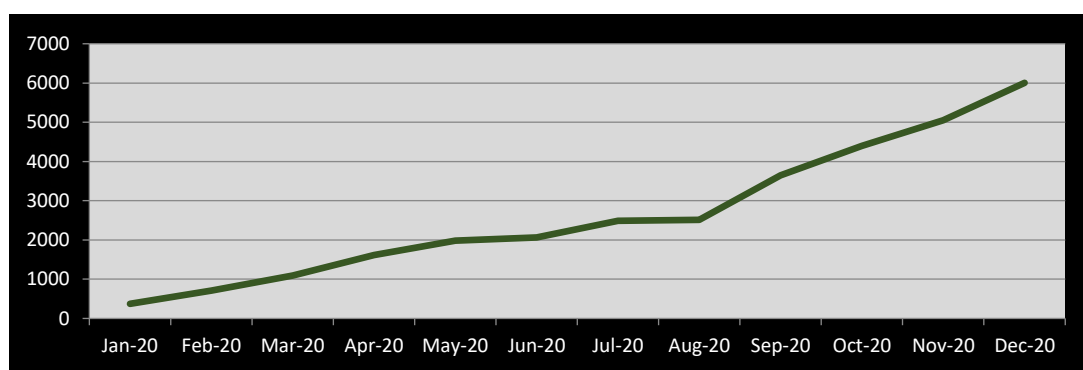


Image one: Cumulative MediCabilis™ units sold on a month by month basis during CY2020

Repeat prescriptions accounted for 62% of total sales volumes during the period, which highlights ongoing physician and patient product satisfaction. Repeat prescriptions further underscored the benefits that MediCabilis™ continues to deliver to patients suffering from chronic conditions.

Bod anticipates prescriptions volumes will continue to grow over the coming months through ongoing educational initiatives, recent regulatory changes in the Australian market and scale up of operations in the United Kingdom.

~\$1.9m binding purchase order secured for Italian market entry:

Bod received two binding purchase orders valued at \$1m and \$871,413 respectively from H&H for four Swisse Wellness (“Swisse”) hemp seed oil products for the Italian market. The products are in soft gel cap form and designed to target specific needs states including sleep, energy levels, stress and general wellness.

Bod and H&H will launch the products in over 4,000 pharmacies across Italy, as well as through Swisse’s ecommerce channels. Swisse branded sales and marketing initiatives, as well as in store promotions and social media campaigns with high profile influencers will compliment the launch.

Production for the products is underway, with delivery expected in the coming months. Bod will also receive a royalty from H&H on net product sales, as well as a cost plus margin for the supply of its extracts and formulas.

Launch of Swisse Wellness-branded CBD products in the Netherlands:

Bod launched four new CBD products in the Netherlands, under the Swisse Wellness brand. The products are in soft gel cap form and designed to target specific need states including immune function and joint mobility.

The products are now being sold through Swisse’s ecommerce channels and leading health food chain Holland and Barrett. A Swisse-branded marketing and sales campaign, as well as in store promotions are supporting the launch and driving uptake.

The launch marked the third major market that Bod and H&H entered collaboratively. As per the exclusive licencing agreement with H&H, the Company will receive a royalty on net product sales, as well as a cost plus margin for the supply of its CBD extract and formulas.

Additional binding purchase orders broaden European footprint:

Bod secured an additional binding purchase order from H&H valued at \$200,000 for four Swisse branded hemp seed oil products, deigned to target specific need states including sleep, stress, energy levels and general wellness. These products will be sold in

France, as well as through existing channels in the Netherlands and the United Kingdom, broadening Bod's product offering in Europe.

The development marked Bod's entry into the French market. The Company and H&H will launch products directly to consumers in the country through Swisse's ecommerce channels, with sales through traditional retail outlets earmarked for future development. H&H will initiate marketing campaigns to drive product uptake and awareness in France, as well as manage distribution.

Regulatory shifts provide international market opportunities:

Recent regulatory shifts across the cannabis sector have provided Bod with a larger addressable domestic market and a number of opportunities in Australia and international markets.

Notably, the Therapeutic Goods Administration ("TGA") announced a decision to reschedule cannabinoid products to Schedule 3 (Pharmacist Only) medicines. This ruling means that a pharmacist can now supply TGA-approved CBD products that contain up to a maximum of 150mg/day to consumers over-the-counter without a prescription.

This is a landmark ruling and unlocks a much larger market for Bod. The company anticipates that the regulatory shift will underpin the considerable uptake of CBD products in Australia. Bod is now assessing product registration steps for a schedule 3 CBD product.

The Company welcomed a decision from the United Nations Commission on Narcotic Drugs, which accepted a World Health Organisation recommendation to remove cannabis and its derivatives from Schedule IV of the 1961 Single Convention on Narcotic Drugs. Bod is confident that the decision will have a favourable impact on the sector more broadly and is working with H&H to progress a number of growth initiatives.

During the period, the US House of Representatives also passed the Marijuana Opportunity Reinvestment and Expungement ("MORE") Act to decriminalise cannabis. The bill aims to remove cannabis from the US Controlled Substances Act and importantly, recognises the medicinal properties and therapeutic benefits of cannabis.

The US is a key strategic market for the Company and this decision is expected to have a positive effect on Bod's pending market entry. Bod and H&H are continuing to progress opportunities in the US market and look forward to providing updates to shareholders in the coming months.

Leading medical advisory board established:

To capitalise on the TGA's decision to reschedule cannabis, Bod established a medical advisory board comprised of internationally recognised physicians and researchers that will assist Bod in progressing opportunities in the Australian market.

The medical advisory board includes Academic Director of the Lambert Initiative at the University of Sydney Professor Iain McGregor, Head of neurology at the Gold Coast University Hospital Associate Professor Arman Sabet MD, Head of School and Dean at Sydney Pharmacy School, University of Sydney Professor Andrew McLachlan AM and Professorial Research Fellow in the School of Psychology at the University of Adelaide Professor Ian Olver AM.

Each board member is highly experienced in their chosen professional field and Bod is confident that the extensive expertise in differing areas of therapeutics will be instrumental to near term growth opportunities in the domestic market.

\$8m capital raise to support growth:

Bod raised \$8m (before costs) from institutional, sophisticated and professional investors, through the issue of approximately 14.5m new fully paid ordinary shares at \$0.55 per share ("placement").

Funds raised from the placement will be used to expedite product launches, progress a number of revenue generating opportunities in international markets including the UK, European Union and North America, promote prescription growth in Australia and unlock additional opportunities for the Company.

The placement was led by Bell Potter Securities Limited and was completed in a single tranche utilising Bod's placement capacity under ASX Listing Rule 7.1 and 7.1A.

Outlook:

Bod is focused on a number of revenue generating objectives and growth initiatives during the current quarter and beyond, including:

- International market and product expansions with H&H under new and existing brands, including Swisse, Swisse Me and CBII;
- Receipt of first binding purchase orders for the Company's proposed US market entry;
- Growth of MediCabilis™ prescription volumes in Australia and scale up of UK operations;
- Ongoing collaborations with the Company's medical advisory board and leading research organisations;
- Progressing a suitable path for product registration to introduce new schedule 3 CBD products in the Australian market.

Management commentary:

CEO Jo Patterson said: *"Bod has made considerable progress during Q2. Pleasingly, we have delivered record growth across both business divisions and have also continued to implement measures to reduce operating expenditure. Further, the Company has significantly strengthened its cash position, which will provide the financial flexibility to pursue near term revenue generating opportunities.*

"We expect ongoing sales growth in Europe, the UK and Australia for our CBD and hemp product ranges and demand for our leading suite of medicinal cannabis products to continue. The Company is also anticipating entry into new markets, including the US which will unlock another major opportunity.

"Board and management look forward to providing ongoing updates to shareholders on developments in the near term."

- 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.

This announcement was authorised for release by the Board of Directors of Bod Australia Limited.

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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")

31 December 2020

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 the quarter: 951(6 months: 2,348)		
Less movement in debtors: -297 (6 months: 158)		
Cash received from customers	654	2,506
1.2 Payments for		
(a) research and development	(215)	(417)
(b) product manufacturing and operating costs (relating to the sales recorded above and purchase orders)	(1,259)	(3,297)
(c) advertising and marketing	(91)	(176)
(d) leased assets	-	-
(e) staff costs	(809)	(1,661)
(f) administration and corporate costs	(157)	(338)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	28
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	13	38
1.8 Other (royalty/development fee revenue)	14	29
1.9 Net cash from / (used in) operating activities	(1,848)	(3,288)

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) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(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	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	8,000	8,000
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(528)	(528)
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	7,472	7,472

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 period	4,946	6,386
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,848)	(3,288)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7,472	7,472
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	10,570	10,570

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	3,070	3,746
5.2 Call deposits*	7,500	1,200
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)	10,570	4,946

6. Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	155
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

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.

Not applicable

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,848)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	10,570
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	10,570
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	6

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:28 January 2021.....

Authorised by: ...The Board of Directors.....
(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.