

## Quarterly Activities Report: Strong foundation laid for upcoming clinical trial initiatives

- Receipts from customers of \$1.26m – a 30% increase on last quarter (Q1 FY2022: \$0.97m) and 93% increase on previous corresponding period (“PCP”) (Q2 FY2021: \$0.65m)
- Net cash used in operating activities down 34% on last quarter to \$1.21m – 34% decrease on PCP (Q2 FY2021: \$1.8m)
- Bod expects to receive upwards of \$1.2m in R&D grants in the coming weeks which will be recorded as revenue in the half year financial report
- Cash balance of \$4.88m at the end of the quarter provides considerable financial flexibility
- 5,787 MediCabilis® product units dispatched to date in H1 FY2022, a 47% increase on the PCP (H1 FY2021: 3,941 MediCabilis® product units) – additional sales expected to be realised over the coming months
- 54% market share retained for the total Australian market for full plant, high CBD products – 10% increase on PCP (Q2 FY2021: 44% market share)
- Ongoing work towards clinical trials during the quarter has led to regulatory and ethics approvals
- Bod set to commence two clinical trials during the current period allowing for ongoing product commercialisation and expansion opportunities

**Sydney, Australia – 31 January 2022:** Medicinal cannabis and hemp healthcare products company, Bod Australia Limited (“Bod”, or “the Company”) (ASX: BOD) is pleased to provide the following update to shareholders for the quarter ended 31 December 2021 (Q2 FY2022).

### Corporate developments:

#### **Financial overview:**

Receipts from customers for the quarter were \$1,260,000, which marks a 30% rise on the last quarter (Q1 FY2022: \$968,000) and a 93% increase on the previous corresponding period (“PCP”) (Q2 FY2021: \$654,000). Cash collection from previous orders of the Company’s CBD wellness and medicinal cannabis underpinned the growth in receipts from customers during the period.

Net cash used in operating activities was down 34% on Q1 FY2022 to \$1,216,000, this also highlighted a 34% decline on the PCP (Q2 FY2021: \$1,848,000) reflecting increased cash receipts from customers, COVID-19 related grants totalling \$173,000 received from the NSW government and lower cash payments for staff costs due to the PCP including payment of annual bonuses and reduced research and development expenditure. Management remains focussed on ongoing cost management.

Total sales were \$168,000, this marks a decrease on the last quarter and was due to a \$535,000 credit note being provided to a customer against sales recorded in the previous quarter. The credit note was issued due to manufacturing issues associated with the Company’s CBD wellness products, which did not meet required Italian regulatory standards. The Company has taken steps to resolve this issue with its contract manufacturer and its customer. Bod anticipates that it will realise these sales in the future. The Company also anticipates the receipt of upward of \$1.2m in R&D grants in the coming weeks, which will be recorded as revenue in its upcoming half-year financial report.

Further, Bod witnessed a slight drop in medicinal cannabis sales, primarily due to general market conditions and COVID-19 related restrictions, leading to limited access to medicinal health professionals that were focused on vaccination roll out. Despite this, the Company maintained a 54% market share for the Australian market for full plant, high CBD products during Q2 FY2022 a 10% increase on the PCP (Q2 FY2021: 44% market share). Bod expects

that medicinal cannabis product sales will increase over the coming months. In preparation for sales growth, the Company has increased product shipments during the quarter.

MediCabilis® product units dispatched in the Australian market throughout Q2 FY2022 added to a total of 5,787 units shipped in H1 FY2022, a 47% rise on the PCP (H1 FY2021: 3,941 MediCabilis® product units). This increase is expected to result in sales growth for the division over the coming months. Additional international expansion opportunities and domestic sales initiatives are also underway.

The Company made payments totalling \$0.16m to related parties during the quarter representing remuneration paid to directors. Bod also retained \$4,887,000 in cash at bank at the end of the period, providing the Company with the financial flexibility to progress its planned clinical trials and product commercialisation initiatives.

**Change of ASX code:**

During the quarter, the Company advised that it successfully registered a change of code with the Australian Securities Exchange (“ASX”). The change was effective from the commencement of trading on Monday, 18 October 2021. Shareholder records were assigned to reflect the new ASX code.

**Operational overview:**

**Work towards the commencement of clinical trials:**

The Company progressed a number of initiatives that would allow it to gain various regulatory approvals to commence clinical trials to test the effectiveness of its medicinal cannabis product, MediCabilis® 5% (“MediCabilis®”) on symptoms associated with the long term impact of SARS-CoV-2 (“COVID-19”), commonly referred to as long-COVID. Further, Bod also advanced work towards securing ethics approval, which was secured subsequent to the end of the period, to begin a clinical trial to investigate the efficacy of a new unique Schedule 3 (pharmacist only) CBD formulation on symptoms associated with insomnia.

Bod continued to work alongside UK-based partner, Drug Science UK (“Drug Science”) to finalise clinical trial protocols, design and gain ethics approval for its long-COVID focused study, allowing it to submit for Clinical Trial Authorisation (“CTA”) with the United Kingdom’s Medicines & Healthcare Products Regulatory Agency (“MHRA”). Subsequent to the end of the period, Bod was granted CTA to commence the open label clinical trial (refer ASX announcement: 17 January 2022).

The Company has advanced additional steps towards the commencement of its clinical trial, including patient recruitment. Bod and Drug Science aim to recruit up to 30 participants, over the age of 18 that are suffering from long-COVID. Under a clinical trial setting, participants will be administered Bod’s medicinal cannabis product on a daily basis over six months. The trial will add to the growing body of evidence for the use of medicinal cannabis, provide insight into the potential use of MediCabilis® as a treatment against long-COVID, as well as allow Bod to embark on the commercialisation of a product which can be used to alleviate the condition.

The Company also continued to work alongside leading sleep and respiratory research organisation, the Woolcock Institute of Medical Research in preparation for its planned phase IIB clinical trial. Initiatives included finalising trial design and protocols, as well as the submission of ethics approval.

The planned phase IIB clinical trial will test the efficacy of MediCabilis® on symptoms associated with insomnia. It is expected to provide Bod with sufficient data to commence product registration for a Schedule 3 low dose CBD product with the Therapeutic Goods Administration (TGA) and for the product to be included on the Australian Register of Therapeutic Goods (ARTG).

Once the clinical trial and registration is complete, Bod will have one of the first low dose CBD products in market, which can be sold over-the-counter by a pharmacist to Australian consumers without a prescription. This unlocks another channel to market for the Company and has the potential to significantly increase domestic sales, underpinning revenue growth.

Subsequent to the end of the period, the Company was granted ethics approval from Bellberry Limited (refer ASX announcement: 24 January 2022), allowing it to commence participant recruitment for the study. The Company will continue to provide updates as patient recruitment is finalised.

## **Outlook:**

Bod is focused on a number of value-accretive opportunities and growth initiatives during the current quarter and remainder of the FY2022 period. These include:

- Ongoing growth in medicinal cannabis product sales domestically, as well as new European market entries;
- Commencement of the Company's planned phase IIB clinical trial to bring a low dose Schedule 3 CBD product to market;
- Advancing its planned clinical study to test the efficacy of medicinal cannabis products on symptoms associated with long-COVID;
- Progressing partnership agreements and product licencing opportunities to underpin sales growth; and
- Securing additional binding purchase orders from H&H to drive the sale of CBD wellness products.

## **Management commentary:**

**CEO Jo Patterson said:** *"Work undertaken during the quarter has allowed Bod to lay a very strong foundation for the commencement of two clinical trials, which have the potential to progress the commercialisation of a range of new products with global applications."*

*"Bod is now one of two companies advancing a clinical trial to bring a Schedule 3 low dose CBD product to the Australian market. This provides us with a competitive advantage and significant runway to capitalise on the local demand from Australian consumers for a proven cannabis-based medicine. Further, our UK-based trial into long-COVID has the potential to provide a treatment for a condition which is far reaching and becoming more prevalent."*

*"Demand for our medicinal cannabis products and CBD wellness suite has assisted the Company in driving cash collection, and the Company is continuing to closely manage its operating expenditure. A number of growth initiatives to advance sales are ongoing and revenue is expected to increase over the coming months."*

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

**-ENDS-**

## **About Bod Australia:**

Bod Australia Limited (ASX:BOD) 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:**

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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 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter</b>	<b>Year to date (6 months)</b>
	<b>\$A'000</b>	<b>\$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers (see note 6)	1,260	2,228
1.2 Payments for		
(a) research and development	(334)	(856)
(b) product manufacturing and operating costs	(1,006)	(1,684)
(c) advertising and marketing	(94)	(163)
(d) leased assets	-	-
(e) staff costs	(880)	(2,103)
(f) administration and corporate costs (see note 7)	(355)	(695)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	5
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	173	173
1.8 Other (royalties) (see note 6)	20	34
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,216)</b>	<b>(3,061)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(14)
(d) investments	-	-
(e) intellectual property (see note 7)	(72)	(112)

Consolidated statement of cash flows		Current quarter	Year to date (6 months)
		\$A'000	\$A'000
	(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	<b>Net cash from / (used in) investing activities</b>	<b>(72)</b>	<b>(126)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
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	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<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 period (see note 8)	6,186	8,053
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,216)	(3,061)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(72)	(126)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held (see note 8)	(11)	21
4.6	<b>Cash and cash equivalents at end of period</b>	<b>4,887</b>	<b>4,887</b>

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	4,887	6,186
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,887</b>	<b>6,186</b>

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	162
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>		-
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.		
	<b>Not applicable</b>		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,216)
8.2	Cash and cash equivalents at quarter end (item 4.6)	4,887
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	4,887
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	4.0
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	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	
8.6.2	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	
8.6.3	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	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

## 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: **31 January 2022**

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.
6. There has been a reclassification of \$14k in the Year to date numbers from receipts from customers to royalties received, representing royalties received from customers in Q1.
7. There has been a reclassification of \$40k in the Year to date numbers from administration and corporate costs to payments for intellectual property, representing payments made in Q1 subsequently capitalised in Q2.
8. There has been a reclassification of \$14k in the Year to date numbers from opening cash and cash equivalents to effect of movements in exchange rates on cash.