

## Quarterly Activities Report and Highlights for the period ended 31 March 2023

### Financial Highlights

- Net cash used in operating activities of \$1,071k improved by 10% on Q2 FY2023
- Quarterly receipts from customers were \$813k, a 66% rise on the last quarter
- The Company reported \$261,220 in sales revenue and \$516,552 in total revenue for the 31 March 2023 quarter
- The Company held \$3,334,000 in cash as at 31 March 2023

### Operational Highlights

- Phase IIb clinical trial for unique CBD formulation for Australia's Pharmacy only Schedule 3 market reached major study milestone with 'Last patient, First visit' indicating trial screening and randomisation completed
- The Company remains the only advanced Pharmacy Only (Schedule 3) CBD product candidate for the Australian market
- Aqua Phase Pharmacokinetic (PK) Study submitted for ethics approval. Recruitment for the 12 study participants to commence immediately once approval received.
- Aqua Phase process technology completed technical batch and stability program. Non-pharmaceutical GMP stability for one-month real time and one month accelerated time achieved per Conditions Precedent in Aqua Phase Asset Purchase Deed.

**Sydney, Australia – 28 April 2023:** Cannabis focused drug development and product innovation company Bod Science Limited ("Bod" or "the Company") (ASX: BOD) is pleased to provide the following update on activities for the three-month period ended 31 March 2023 (Q3 FY2023).

### Financial Overview:

Net cash used in operating activities of \$1,071k improved by 10% on Q2 FY2023 (\$1,189k) despite the phasing impact of the receipt of the FY2022 annual R&D tax incentive of \$1.5m during Q2. Cash outflows during Q3 were positively impacted by both higher receipts from customers and lower expense payments compared to Q2. The Q3 FY2023 net cash outflow was \$781k higher than the PCP (Q3 FY2022: \$290k) due to the receipt of the FY2021 annual R&D tax incentive of \$1.1m during Q3 FY2022.

Quarterly receipts from customers were \$813k, a 66% rise on the last quarter (Q2 FY2023: \$489k) and up 26% on the previous corresponding period ("PCP") (Q3 FY2022: \$647k). Receipts during the quarter included an amount of \$500,000 representing an initial cash payment for exclusive supply of a unique Pharmacist Only (Schedule 3) CBD product to Arrotex Pharmaceuticals.

The Company reported \$516,552 in total revenue for the quarter, down \$27k (5%) on the last quarter (excluding R&D tax incentive phasing). Total sales for the quarter were \$261k, which is a 49% decrease on the last quarter (\$509k), with no sales to H&H during the quarter.

The Company remains cognisant that the exclusive relationship with H&H has now expired which allows the Company to explore supplementary global distribution arrangements in the upcoming period. The acquisition of Aqua Phase process technology also provides additional potential to secure further global distribution partnerships in the broader food and beverage market segments.

Medical sales of \$190k decreased 41% on the prior quarter (\$322k), with volumes impacted by the market's move towards THC dominant products. Sales in the legacy non-CBD business saw a 54% decrease on the last quarter as the Company discontinues its investment in its non-core business and remains focused on its medical business and clinical trials.

Expenses associated with key clinical trials (Phase IIb clinical trial of unique Schedule 3 CBD product) and associated PK studies are mostly complete and the Company expects that R&D cash outflows will continue to reduce in the coming quarters. The Company continues to manage its cashflow closely and has seen reductions in each non-R&D payment category compared to the last quarter and the previous corresponding period.

The Company made payments totalling \$150k to related parties during the quarter, representing remuneration paid to directors of \$141k and the cost of printing materials paid to an associate of a director of \$9k.

## **Operational Overview:**

### **Recruitment complete for Phase IIb clinical trial of unique Schedule 3 CBD product:**

In line with the anticipated timeframe, the Company reached a major milestone in the Phase IIb clinical trial, examining the efficacy of a unique CBD formulation on symptoms associated with insomnia in 198 participants over 8 weeks, undertaken by Australia's leading sleep research organisation, the Woolcock Institute of Medical Research. The Company completed the study recruitment<sup>i</sup>, meeting the target of 198 patients recruited by the end of March 2023, marking the 'Last patient, First visit' milestone. The last patient is expected to complete the study by May 2023. Upon successful completion of the trial, Bod anticipates having sufficient data to support the dossier submission to the TGA (Therapeutic Goods Association) underpinning the Company's drive to develop a new Pharmacist only (Schedule 3) CBD product to be made available to the Australian market. Once the last patient completes the trial, Bod will move immediately to the data analysis stage, including the efficacy outcomes on the primary end points.

### **Aqua Phase process technology completed technical batch and stability program**

The Company provided an update on the acquisition of Aqua Phase<sup>ii</sup> – a unique process technology which has the potential to substantially increase the bioavailability of lipophilic (non-soluble) compounds including but not limited to cannabis in humans allowing more rapid onset, better efficacy, and lower dosage rates. Cannabidiol (CBD) and cannabinoids intrinsically have poor biological absorption – oral CBD compounds in oil are estimated to have only 6 to 8% bioavailability. Aqua Phase uses a common compound combined with CBD under specific mechanical and heating conditions to deliver a stable, highly bioavailable compound.

The Asset Purchase Deed contains various conditions precedent that must be satisfied to trigger the initial acquisition consideration of GBP 1 million. Bod successfully completed the stability testing of the Aqua Phase product format within the agreed time frame, along with the manufacture of a technical batch per the acquisition terms and timeframe<sup>iii</sup>. The only remaining condition to complete is the successful completion of a pharmacokinetic (PK) study to measure the extent to which the process technology increases the bioavailability of the Active Pharmaceutical Ingredient (API).

Due to third party delays involved in the testing and analysing phase of the PK study, the Company agreed with the Inventors to extend the date by which this test must be completed to 30 June 2023. The Company confirmed the PK Study has been submitted for ethics approval and the recruitment for the 12 study participants will commence immediately once ethics approval is received. The trial will continue for 4 weeks, with results expected in June 2023.

This is the key test for the pharmaceutical application of the process technology, with a successful outcome expected to provide the base line data to support commercialisation discussions, expand Bod's value proposition and lead to new and novel delivery formats and revenue accretion.

#### **R&D funding facility established with Radium Capital:**

Bod has established a funding facility with Research and Development (R&D) finance provider Radium Capital, who offer strategic capital by way of early access to R&D refunds secured against the ATO rebate. For H1 FY23, Radium loaned Bod an amount of \$437,598, representing 80% of the expected R&D tax incentive for H1 FY23, based on Bod's domestic R&D spend<sup>iv</sup>. The loan facility provides early access to a portion of Bod's FY23 R&D tax rebate, reducing the need for dilutionary equity.

#### **Board & Management:**

During the quarter, Mr Stephen Kelly resigned as Company Secretary and was immediately replaced by Carlie Hodges<sup>v</sup>. The Company continues an ongoing assessment of additional director candidates to ensure it has adequate diversity and the necessary skill sets to advance its current clinical trial pipeline and product commercialisation initiatives.

Since the end of the quarter, Bod also announced that the Company's Chairman, David Baker, has assumed an additional advisory role with the Company to support management to progress a number of commercial initiatives<sup>vi</sup>. This appointment is expected to be temporary and will be periodically reviewed by the Board.

#### **Outlook:**

Bod continues the remainder of H2 FY2023 with significant focus on maximising the Company's unique market standing as the only advanced Schedule 3 CBD product candidate for the Australian market. With an optimal commercialisation partner (Arrotex Pharmaceuticals), the Company remains focused on completing the dossier for submission to the Australian Therapeutic Goods Association (TGA). Definitive results on the efficacy of the trial on the primary end point are expected in June.

With the successful registration of a low dose Pharmacy only, Schedule 3 product the Company will become one of just two companies globally to have achieved a registration of a CBD product. This provides significant optionality to leverage the registration for expansion into other markets, unlocking further uses and benefits of Bod's CBD Schedule 3 product.

The commercialisation of the Aqua Phase process technology is also expected to gather pace during the remainder of H2 FY 2023 in preparation for the successful completion of the PK study in June.

The significance of the Company's many ongoing R&D initiatives have been reinforced with news subsequent to the end of the quarter of more than \$50m funding allocation for the Medical Research Future Fund (MRFF) by the Australian Federal Government<sup>vii</sup> to study emerging health issues associated with 'Long-Covid'. Bod's study investigating the efficacy of medicinal cannabis when used to alleviate symptoms of Long-COVID in the UK will become an important back drop to discussions for the Australian market.

#### **Management commentary:**

##### **CEO Ms Jo Patterson said:**

*"Numerous major milestones in our key clinical trials have seen Bod conclude the quarter in a positive operational position, whilst responsible capital management has seen the reduction of outflows in all key areas, resulting in an overall optimistic conclusion to the quarter financially."*

*"The majority of expenses associated with our key clinical trials have now been largely incurred and shareholders will see Bod fortify its commercialisation of these assets through strategic partnerships and unique collaborations."*

*“With definitive Schedule 3 results on the efficacy of our proprietary low dose CBD product and the PK study confirming the bioavailability of Aqua Phase and the completion of the CPs imminent, we have two transformational assets that offer Bod optionality for revenue and commercial opportunities at a global scale.”*

**This announcement has been approved by the Board of Bod Science Limited.**

**-ENDS-**

All monetary figures quoted within this document are in Australian dollars (\$AUD) unless otherwise specified and provided on an unaudited basis.

#### **About Bod Science:**

Bod Science (ASX:BOD) is a cannabis focused drug development and product innovation company.

Bod is focused on progressing research and development with a defined clinical trial pathway to commercialise and deliver premium, scientifically proven and trusted products for patients and consumers.

The company has a number of existing partnerships with large corporate companies and collaborations with leading research organisations to advance the use of Cannabis related medicines with therapeutic indications.

#### **For more information please contact:**

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#### **Disclaimer**

This announcement contains “forward-looking statements.” These can be identified by words such as “may”, “should”, “anticipate”, “believe”, “intend”, “estimate”, and “expect”. Statements which are not based on historic or current facts may be forward-looking statements. Forward-looking statements are based on:

- assumptions regarding the Company’s financial position, business strategies, plans and objectives of management for future operations and development and the environment in which the Company will operate; and
- current views, expectations and beliefs as at the date they are expressed and which are subject to various risks and uncertainties.

Actual results, performance or achievements of the Company could be materially different from those expressed in, or implied by, these forward-looking statements. The forward-looking statements contained within the presentations are not guarantees or assurances of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Company, which may cause the actual results, performance or achievements of the Company to differ materially from those expressed or implied by forward-looking statements. For example, the factors that are likely to affect the results of the Company include general economic conditions in Australia and globally; exchange rates; competition in the markets in which the Company does and will operate; weather and climate conditions; and the inherent regulatory risks in the businesses of the Company. The forward-looking statements contained in this announcement should not be taken as implying that the assumptions on which the projections have been prepared are correct or exhaustive. The Company disclaims any responsibility for the accuracy or completeness of any forward-looking statement. The Company disclaims any responsibility to update or revise any forward-looking statements to reflect any change in the Company’s financial condition, status or affairs or any change in the events, conditions or circumstances on which a statement is based, except as required by law. The projections or forecasts included in this presentation have not been audited, examined or otherwise reviewed by the independent auditors of the Company. You must not place undue reliance on these forward-looking statements.

<sup>i</sup> ASX Announcement – 4 April 2023: Bod Science completes recruitment of Phase IIb clinical trial of unique CBD product

<sup>ii</sup> ASX Announcement – 30 August 2022: Bod to acquire Aqua Phase

<sup>iii</sup> ASX Announcement – 7 March 2023: Bod Science’s CBD product utilising unique Aqua Phase process technology completes technical batch

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and stability program

<sup>iv</sup> ASX Announcement – 6 March 2023: Bod Science establishes R&D funding facility

<sup>v</sup> ASX Announcement – 24 January 2023: Appointment of Company Secretary

<sup>vi</sup> ASX Announcement – 24 April 2024: Change in Chairman's role

<sup>vii</sup> <https://www.hospitalhealth.com.au/content/clinical-services/article/-50-million-funding-for-long-covid-as-inquiry-report-released-202161578>

## Appendix 4C

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

**Name of entity**

Bod Science Limited

**ABN**

89 601 225 441

**Quarter ended ("current quarter")**

31 March 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter</b>	<b>Year to date (9 months)</b>
	<b>\$A'000</b>	<b>\$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	813	1,752
1.2 Payments for		
(a) research and development	(677)	(2,315)
(b) product manufacturing and operating costs	(165)	(1,015)
(c) advertising and marketing	(58)	(375)
(d) leased assets	-	-
(e) staff costs	(589)	(2,131)
(f) administration and corporate costs	(398)	(1,476)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	7
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	1,513
1.8 Other (royalties)	-	17
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,071)</b>	<b>(4,023)</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	-	(6)
(d) investments	-	-
(e) intellectual property	(3)	(75)

Consolidated statement of cash flows		Current quarter	Year to date (9 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(3)</b>	<b>(81)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,494
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	-	(295)
3.5	Proceeds from borrowings	438	438
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(1)	(1)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>437</b>	<b>3,636</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	3,879	3,666
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,071)	(4,023)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3)	(81)

Consolidated statement of cash flows		Current quarter	Year to date (9 months)
		\$A'000	\$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	437	3,636
4.5	Effect of movement in exchange rates on cash held	92	136
4.6	<b>Cash and cash equivalents at end of period</b>	<b>3,334</b>	<b>3,334</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	3,334	3,879
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>3,334</b>	<b>3,879</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: <ul style="list-style-type: none"> <li>Salaries/fees paid to directors</li> <li>Cost of printing materials paid to an associate of a director</li> </ul>	141 9
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	438	438
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	438	438
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.		
	A loan facility of \$438k was established during the quarter with Radium Capital which provides early access to a portion of Bod Science's FY23 R&D tax incentive rebate. The loan is secured by a featherweight security agreement over the FY23 tax incentive rebate from the ATO at an annual interest rate of 16% and is repayable 31 December 2023. The loan may be extended by 30 days on two separate occasions at the discretion of the lender if, against expectation, there are delays in the receipt of the tax incentive rebate from the ATO.		

<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)	(1,071)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,334
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	3,334
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>  <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>	3.1
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?	
	N/A	
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?	
	N/A	
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?	
	N/A	
	<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: 28 April 2023

Authorised by: **The Board of Directors of Bod Science 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.