

Quarterly Activities Report: Operational progress lays a strong foundation for FY2022

- Sales of \$1.67m – a 43% increase on last quarter (Q4 FY2021: \$1.17m) and a 20% uplift on the PCP (Q1 FY2021: \$1.39m)
- Agreement secured with leading respiratory and sleep institute, the Woolcock Institute for a Phase IIb clinical trial testing the efficacy of Bod's unique CBD formulation
- Trial is a crucial step to launch a new Schedule 3 (Pharmacist Only) product – Schedule 3 market is valued at \$250m and growing
- IP portfolio broadened – provisional patent application lodged for novel family of proteins in human cells that provide antioxidant protective effects and increase UV tolerance when applied to skin cells
- Application follows collaboration with the University of Technology Sydney (UTS) with additional test work underway – novel delivery method adds to Bod's asset base and product range
- Medicinal cannabis product uptake continues in the UK and Australia – expansion into new markets expected shortly
- Board and management team strengthened with appointment of Hanno Cappon as Non-executive Director and Adrian Sturrock as Chief Financial Officer
- Cash balance of \$6.18m leaves Bod well placed for growth

Sydney, Australia – 27 October 2021: Medicinal cannabis, CBD 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 30 September 2021 (Q1 FY2022).

Corporate overview:

Sales for the period were \$1,677,457, which marked a 43% increase on the prior quarter (Q4 FY2021: \$1,173,499) and a 20% increase on the PCP (Q1 FY2021: \$1,397,000). Receipts from customers for the quarter were \$982,000, a decrease on the previous period. The reduction in cash receipts is due to the timing of payments from H&H for sales recognised during Q1 FY2022. Additional cash receipts for sales recorded during Q1 FY2022 are expected this quarter.

Subsequent to the end of the quarter, Bod received an additional \$355,000 from H&H, which was expected during the previous quarter. Bod expects to secure additional binding purchase orders from H&H, as well as a further increase in medicinal cannabis sales during the current period and anticipates that receipts from customers will increase over the remainder of FY2022.

Net cash used in operating activities was slightly higher than the previous quarter. This is due to payments associated with the Company's ongoing R&D initiatives, including the collaboration with UTS, as well as annual listing fees and staff bonus payments. During the period, the Company made payments totalling \$0.23m to related parties representing remuneration paid to directors.

Bod retained a healthy cash balance at the end of the period, with \$6.18m at bank.

Agreement with leading respiratory and sleep institute for clinical trial of new Schedule 3 CBD product:

Bod entered into an agreement with the Woolcock Institute to undertake a phase IIB clinical trial for the development of a new CBD product. The proposed product will be created in line with Therapeutic Goods Administration (TGA) requirements, which will be made available to Australian consumers over-the-counter as a Schedule 3 (Pharmacist Only) medicine, as well as in international markets. Schedule 3 (Pharmacist Only) medicines can be sold to consumers by a pharmacist over the counter without a prescription.

The planned trial will test the efficacy of Bod's unique CBD formulation on symptoms associated with insomnia. It is a double blind, randomised trial, utilising both a parallel and placebo controlled group. The study will investigate the effective of a 50mg and 100mg per day oral CBD product, versus a placebo over eight weeks.

The finished product will be patentable, allowing Bod to progress licencing agreements with company's involved in Australia's Schedule 3 market, as well as internationally. The potential market opportunity for the product is significant, with current pharmacological interventions for insomnia showing major liabilities including abuse and dependence, questionable or uncertain efficacy and hangover effects. The schedule 3 market is valued at \$250m, with the unregulated market estimated to be worth upwards of \$3Bn, further demonstrating the potential addressable market for the Company.

Following the trial, the Company will also pursue European EMEA Union and US FDA product registrations to maximise growth opportunities.

Provisional patent application lodged for novel delivery format developed in collaboration with UTS:

Bod broadened its intellectual property portfolio during the quarter, following the lodgement of a provisional patent application for a novel family of proteins in human cells that can provide antioxidant protective effects when applied to skin cells (refer ASX announcement: 14 August 2019).

Bod lodged the application with IP Australia, an agent of the Australian government's Department of Industry, Innovation and Science. IP Australia administers intellectual property rights and legislation regarding patents, trademarks and registered designs amongst other things in Australia.

The application covers the Company's novel family of proteins developed in collaboration with the University of Technology of Sydney (UTS). The novel family of proteins provide antioxidant protective effects when applied to cells, that could be used topically.

These proteins were found to assist in protecting cells and helping to increase both their tolerance ($P < 0.01$), furthering the proteins' cellular protective effects. These findings allow Bod to potentially develop an innovative, novel anti-aging topical application and topical delivery system subject to further development.

Bod hold the global rights to the delivery method, which it will commercialise or potentially licence to large scale pharmaceutical companies. The discovery also provides Bod with considerable optionality. Bod and UTS are exploring the potential to utilise the protein as a delivery method alongside CBD and hemp extracts, as well as other cannabis compounds. Additional test work and R&D initiatives have commenced, which highlight the Company's next step in commercialisation.

Medicinal cannabis product sales:

During the period, Bod sold a total of 1,820 medicinal cannabis product units in Australia, highlighting a 15% increase on the prior corresponding period ("PCP") (Q1 FY2021: 1,582). The Company also achieved pleasing growth in the UK, with a total of 166 units sold, which is a 53% increase on the last quarter (Q4 FY2021: 105) and a 232% increase on the PCP (Q1 FY2021: 50).

Growth is underpinned by the Company's ongoing educational initiatives with patients and healthcare professionals, as well as ongoing clinical studies to test the efficacy of Bod's products on a range of debilitating conditions.

The Company expects that sales will increase during the current period, following the lifting of lockdown restrictions associated with COVID-19 in major Australian cities, and ongoing clinical trial and educational initiatives.

Strengthened Board and management team:

During the period, Mr Patrice Malard retired as a Non-executive Director. Mr Malard was appointed following Bod's exclusive agreement with Health & Happiness Group Limited (HKSE: 1112, "H&H") (refer ASX announcement: 19 July 2019). Since his appointment, Bod has benefited from Mr Malard's extensive experience and wishes him well for his future endeavours.

Mr Malard has been replaced by recently appointed Non-executive Director Mr Hanno Cappon, who will act as a representative of NewH2 and H&H. Mr Cappon is currently Chief Technology Officer at H&H, a position which he has held since January 2021. He has an extensive background in chemistry, life sciences, nutrition and health innovation and developing new consumer and healthcare solutions for commercialisation.

Mr Cappon's previous senior roles with large international companies include VP R&D Nutritionals & Digestive Health at Bayer Consumer Health, Switzerland, as well as VP R&D Nutricia Medical Nutrition at leading multinational food company Danone Nutricia, Netherlands, amongst others.

Bod further strengthened its management team, following the appointment of Mr Adrian Sturrock as Chief Financial officer.

Mr Sturrock is an accomplished finance executive with extensive healthcare products industry experience, having served in various senior finance roles at Blackmores Limited (ASX:BKL) from 2009 to 2021. Most recently, Mr Sturrock was the Finance Director ANZ for Blackmores from 2018 to 2021, prior to which he was the Finance Director of Blackmores' subsidiary BioCeuticals, a leading Australian leading provider of nutritional and therapeutic supplements, from 2015 to 2018.

Outlook:

Bod is focused on a number of revenue generating activities and growth initiatives during the current quarter and the remainder of FY2022, including:

- Ongoing growth in medicinal cannabis product sales and new European market entries;
- Ongoing clinical trials and R&D initiatives to underpin new product development and range expansion;
- Additional binding purchase orders from H&H for CBD wellness products; and
- New product launches under established CBD wellness brands in the US, UK and other markets.

Management commentary:

CEO Jo Patterson said: *"Bod has made significant progress during the quarter, which will translate into a number of value accretive opportunities in the coming months. This is highlighted through the Company's agreement with leading medical organisation the Woolcock Institute to progress clinical trial initiatives underpinning new product development and securing patent protection for a potentially revolutionary family of novel proteins with very broad application.*

"While the Company was slightly effected by the timing of payment from H&H, despite this we have built a strong sales pipeline and expect revenue to increase during the current quarter and beyond. We are achieving pleasing growth across both business divisions in Europe, with expansion into new territories pending. This will assist the Company in further growing its top line.

"Work with the Woolcock Institute and UTS will continue during FY2022, alongside additional clinical trial initiatives in Australia and the UK. The data from these trials and R&D exercises will continue to provide us with important data to build underlying assets and pursue potential licencing and sales agreements."

-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 medicalmarkets.

Leading the way in research and development, through collaborations with research partners onclinical 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

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 September 2021

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	982	982
1.2 Payments for		
(a) research and development	(522)	(522)
(b) product manufacturing and operating costs	(678)	(678)
(c) advertising and marketing	(69)	(69)
(d) leased assets	-	-
(e) staff costs	(1,223)	(1,223)
(f) administration and corporate costs	(379)	(379)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	5
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	(1,884)	(1,884)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(14)	(14)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
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	(14)	(14)

3.	Cash flows from financing activities		
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	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	8,067	8,067
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,884)	(1,884)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(14)	(14)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	18	18
4.6	Cash and cash equivalents at end of period	6,187	6,187

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	6,187	6,067
5.2	Call deposits	-	2,000
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)	6,187	8,067

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	238
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>		

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,884)
8.2 Cash and cash equivalents at quarter end (item 4.6)	6,187
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	6,187
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.3
<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: 27 October 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.