

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	84.2m
Market Capitalisation	~\$39.5m

#### 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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## Quarterly Activities Report: Growth continues with commercialisation of CBD products and revenue increase

- **First CBD products launched in the UK in collaboration with H&H Group under new CBII brand with other brands to follow**
- **\$536,000 in sales generated for the quarter - \$1,043,000 sales generated during H1 FY 2020**
- **\$832,799 in binding purchase orders also received which will be invoiced and delivered in the March 2020 quarter - Bod is confident of ongoing increases revenue increases over coming months**
- **Participation in Project Twenty21, Europe's largest medicinal cannabis project with 20,000 patients**
- **Research collaboration with UniSA commenced to progress studies on MediCabilis™ product**
- **1,957 MediCabilis™ prescriptions filled in CY 2019 – being prescribed to treat 17 different conditions**

**Sydney, Australia – 28 January 2020:** Medicinal cannabis healthcare products company, Bod Australia Limited (“Bod”, the “Company”) (ASX: BDA), is pleased to provide this update to shareholders for the quarter ended 31 December 2019 (Q2 FY 2020).

The Company continued the rapid commercialisation and scale up of its medicinal cannabis business through ongoing uptake in prescriptions of its MediCabilis™ product (MediCabilis™), participation in Europe's largest medicinal cannabis project, Project Twenty21, a research collaboration with the University of South Australia (UniSA), and the launch of its first consumer focused CBD products in the United Kingdom.

#### **Corporate:**

Sales for the quarter were \$536,000 (Q1 FY 2020: \$507,000). In addition, Bod received binding purchase orders from H&H Group of \$832,799 during the period. The purchase orders are for Bod's CBD products and will be invoiced as sales upon delivery during the March 2020 quarter.

The Company remains on track to eclipse sales generated in FY 2019 (FY 2019: \$1,191,000). Bod is confident that sales will continue to increase due to the ongoing uptake of its medicinal cannabis products, international market entries and new product and brand launches. The Company expects a number of these developments to progress in the coming months.

The Company remains well capitalised with ~\$8.1m in cash, as at 31 December 2019. A portion of this is for the purchase of raw materials for product commercialisation, which will translate into additional revenues.

During the quarter Bod made payments totalling \$150,000 to related parties and their associates representing remuneration paid to directors of the Company.

**Bod and Health and Happiness Group launch first CBD products in the UK:**

Bod launched its first CBD products to market in the UK through new, premium brand, CBII ([www.cbii-cbd.com](http://www.cbii-cbd.com)), a major milestone for the Company. The launch was part of Bod's collaboration and exclusive licencing agreement with Health & Happiness Group Ltd (H&H Group, HKSE:1112) (refer ASX announcement: 19 July 2019). It marks the first instance that H&H Group have utilised CBD products in its portfolio.

CBII was established by H&H Group to distribute market and sell premium CBD and hemp products to consumers. The product suite contains three full spectrum CBD oil products derived from Good Manufacturing Practice (GMP) hemp extracts in various strengths (100mg, 200 mg and 500 mg).



**Image one:** Current CBII CBD oil range in varying strengths

CBII products are available to UK consumers through E-commerce channels. Bod and H&H Group will expand into traditional retail in the UK in the near term. As part of the binding licencing agreement between the two parties, H&H Group will initiate marketing and brand campaigns to drive product uptake and awareness in the UK. Having H&H Group undertake the marketing, sales and distribution processes of these products significantly defrays Bod's working capital.

Bod is actively working with H&H to launch additional products and brands, which will be introduced in the UK and other markets in the coming months.

**Participation in Europe's largest medicinal cannabis project targeting 20,000 patients:**

Bod was one of five companies invited to participate in the UK's Project Twenty21, Europe's largest medicinal cannabis project, which will study the effects of cannabis when used on up to 20,000 patients with chronic conditions.

Project Twenty21 is aiming to create the largest body of evidence for the efficacy of medicinal cannabis. The project will use collated data to support policy makers as they review medicinal cannabis availability, and affordability, for patients who would benefit from it in the UK. Further, the project will assist prescribers operating in private practice and advance the potential for NHS funding.

It will follow patients with a range of conditions, including chronic pain, Epilepsy, Multiple Sclerosis, Post Traumatic Stress (PTSD), Tourette's Syndrome, anxiety disorders and individuals dealing with harm of substance abuse.

A minimum of 1,000 patients are likely to be treated with MediCabilis™ with the Company receiving a cost per prescription for each unit sold, and has the ability to introduce new products to patients undertaking the study as they come to market, further underpinning revenue.

The study will build brand awareness for MediCabilis™, credibility, and enhance research data and grow relationships across the UK. The Company is well positioned, as MediCabilis™ has already been used effectively to treat a large number of Australian patients suffering from the aforementioned conditions.

#### **Research collaboration with UniSA for medicinal cannabis products:**

Bod and UniSA will conduct further research on its MediCabilis™ product. Both parties will study the products effect on patients, which will assist in ongoing product development initiatives, as well as provide valuable information for clinical practice and future research.

The collaboration will be undertaken with leading researchers from UniSA's School of Pharmacy and Medical Sciences. This is a nationally renowned department bringing together internationally recognised health researchers in the quality use of medicines, drug development and pharmaceutical science.

Results will lay a strong foundation for additional research initiatives with Bod's exclusive extract, leaving the Company well positioned to exploit additional revenue streams. The Company is also confident that research from the collaboration will assist clinicians and approved prescribers in gaining a better understanding of MediCabilis™, allowing greater acceptance amongst physicians and growth in prescription volumes.

The initiative also supports a cost-effective approach towards medical research and product development, allowing Bod to maintain its strong cash balance. Research is set to complete in March 2020 and Bod looks forward to updating shareholders on developments.

#### **Continued domestic growth of medicinal cannabis prescriptions:**

Sales of MediCabilis™ during the quarter continued and contributed to a total of 1,957 prescriptions filled during CY 2019, with 1,842 of these received during FY 2020. Bod filled 799 prescriptions in Q2 FY 2020.

Bod is experiencing ongoing repeat prescriptions, reinforcing physician and patient satisfaction. MediCabilis™ is now being prescribed to treat 17 different conditions highlighting the versatility of the product.

The Company is targeting new market entries and the introduction of additional prescription products, which it will progress in the coming months. These market entries will add to the current revenue generated from MediCabilis™ sales. As such, Bod is confident that growth and market share will increase, in line with market expectations, over the coming months.

#### **Non-Executive Chairman commences following shareholder approval:**

Mr Mark Masterson was appointed as Non-Executive Chairman of the Company and commenced his role, following shareholder approval, which was received at Bod's Annual General Meeting on 11 November 2019.

Mr Masterson boasts two decades of experience in the pharmaceutical and healthcare sectors. He began his career with Johnson & Johnson before joining global healthcare giant, Abbott Laboratories (NYSE: ABT, market capitalisation: US\$147.98Bn) where he held multiple senior positions. Mr Masterson also held the role of CEO with Australia's largest private diagnostic imaging network, I-MED. Following the acquisition of I-MED, he was appointed Chairman of Medicines Australia.

Following the appointment of Mr Masterson, Mr Simon Taylor and Mr Stephen Thompson retired from the Board of Directors. Bod thanks both for their guidance and leadership and wishes them well for future endeavours.

#### **Termination of Mamacare distribution agreement:**

During the period, Bod terminated its distribution agreement with pregnancy supplement and skincare brand, Mamacare (refer ASX announcement: 8 November 2017) given the Company's decision to focus on the ongoing

commercialisation and scale up of its cannabis business divisions. Terminating this contract gives Bod added financial flexibility for cannabis based product development and marketing initiatives.

#### **Outlook:**

Bod expects to deliver on numerous growth objectives in the current quarter and for the remainder of FY2020, including:

- Introducing new products and brands in collaboration with H&H in Australia and internationally;
- Further growing MediCabilis™ prescription sales domestically and internationally;
- Pursuing collaborations with key research groups to advance research into specific application for CBD, based on the use of MediCabilis™; and
- Supplying MediCabilis™ products for trial stock for different medical conditions.

#### **Comment:**

**CEO Jo Patterson said:** “Q2 FY2020 has been a period of growth and commercialisation for Bod. The Company has continued its momentum throughout the quarter, showing major progress on numerous fronts.

“The launch of our CBD products under the CBII brand in the United Kingdom is a significant milestone and represents the first execution of the Company’s strategic agreement with H&H Group. Bod is fully engaged with H&H Group on a number of growth initiatives and will launch new products with them this quarter.

“Bod will continue to develop and commercialise its cannabis products and progress additional market entries as soon as possible. We are confident that MediCabilis™ prescription sales will continue at a higher rate in Australia and some international markets. The Board and management look forward to providing additional updates on progress in the near term.”

**This announcement has been authorised by the Board of Bod Australia Limited.**

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#### **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.

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#### **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	Quarter ended ("current quarter")	
89 601 225 441	31 December 2019	
Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
Sales for the quarter: 536		
Less movement in debtors: 315		
Cash received from customers	221	536
1.2 Payments for		
(a) research and development	(417)	(735)
(b) product manufacturing and operating costs	(940)	(1,405)
(c) advertising and marketing	(62)	(194)
(d) leased assets	-	-
(e) staff costs	(561)	(1,030)
(f) administration and corporate costs	(346)	(703)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	45	52
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)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,060)</b>	<b>(3,479)</b>

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	(12)
(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 Net cash from / (used in) investing activities</b>	<b>-</b>	<b>(12)</b>
<b>3. Cash flows from financing activities</b>		
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	465	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)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>465</b>	<b>8,755</b>

Appendix 4C  
Quarterly cash flow report for entities subject to Listing Rule 4.7B

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
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<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	9,696	2,837
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,060)	(3,479)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(12)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	465	8,755
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>8,101</b>	<b>8,101</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	2,101	1,696
5.2	Call deposits	6,000	8,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>8,101</b>	<b>9,696</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	150
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

**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.*

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
-	-
-	-
-	-
-	-

**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)	(2,060)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	8,101
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	8,101
<b>8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>4</b>

- 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 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.