

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	~\$22m

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

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Quarterly Activities Report: Rapid growth trajectory continues following strong product uptake

- **\$1,257,000 in sales generated for the quarter – 135% increase on Q2 FY 2020 (~\$536,000) – additional binding purchase orders of \$1m received to be invoiced this quarter**
- **Revenue for the 9 months of FY2020 totals \$3.4m – 144% growth on PCP (~\$1.4m)**
- **Q3 FY2020 cash burn decreased by ~62% on PCP and 55% on Q2 FY2020 – despite strategic investments in innovation, management and R&D**
- **Import permits granted for two new MediCabilis® products – broadens addressable market by ~32% and provides opportunities to further grow prescription volumes**
- **Nine hemp seed oil products launched under the Swisse brand into 2,000 stores – stockists include Coles, Chemist Warehouse and Priceline Pharmacies**
- **Cash balance of ~\$7.2m allows Bod to pursue multiple revenue generating opportunities**

Sydney, Australia – 21 April 2020: Medical Cannabis, CBD and hemp, healthcare products company, Bod Australia Limited (“Bod”, the “Company”) (ASX: BDA) is pleased to provide this update to shareholders for the quarter ended 31 March 2020 (Q3 FY 2020).

The Company achieved a considerable increase in revenue for the period, driven by the introduction of new CBD isolate strengths in the MediCabilis® range, ongoing uptake of medicinal cannabis products, sales growth of the CBII range in the UK and the launch of hemp-based products in collaboration with Swisse Wellness.

Corporate overview:

Bod generated a significant increase in sales for the period, which totalled \$1,257,000. This marks a 135% increase on the prior quarter (Q2 FY 2020: \$536,000). In addition, Bod has received binding purchase orders from H&H Group of approximately \$1m, which will be delivered and invoiced as sales during the June quarter.

Receipts from customers for the period were \$292,000. Bod advises that the majority of invoices making up the \$1,257,000 in sales were issued during March 2020 and the Company expects to receive payment of these in the coming weeks.

The notable growth was due to increased MediCabilis® prescriptions, the uptake of Bod’s CBD products in the UK under the CBII brand and the launch of hemp-based products into 2,000 Australian stores under the Swisse Wellness brand. The Company has also experienced an increased demand for its non-CBD plant based product range.

Bod has now significantly eclipsed FY2019 sales (FY2019 sales: \$1,191,000) and is confident that revenue will continue to grow as developments such as new product launches, international market entries and ongoing uptake of MediCabilis® progress in the coming months.

Pleasingly, Bod reduced its cash burn during the quarter to \$890,000, notwithstanding the Company’s continued investment in innovation, R&D and key recruits. This represents a 62% decrease when compared to the previous corresponding period (PCP) (Q3 FY 2019: ~\$2.4m) and a 55% decrease on the previous quarter (Q2 FY2020: ~\$2m).

Bod retained a healthy cash position of ~\$7.2m as at 31 March 2020 with no debt. This included the \$851,000 R&D tax refund received under the Australian Government’s Research and Development Tax Incentive Scheme (Refer ASX announcement: 1 April 2020).

The Company remains focused on prudently deploying capital towards near-term revenue generating opportunities, with several exciting initiatives currently underway across the business.

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

Import permits received to broaden medicinal cannabis products range:

Bod received an import licence from the NSW Department of Health and Office of Drug Control for two new medicinal cannabis products under the Company’s MediCabilis® range (refer ASX announcement: 11 February 2020). The new products include two CBD isolates in 2.5% and 10% strengths and expand Bod’s addressable market medicinal cannabis prescription market in Australia by 32%¹.

The CBD isolate products are developed from Bod’s exclusive full plant extract, which is part of the successful MediCabilis® 5% CBD offering, actively prescribed by physicians nationwide. Its safety tolerability and pharmacokinetics have also been proven in clinical trial settings (refer ASX announcement: 26 March 2019).

The additions take the MediCabilis® range to three products. Importantly, the 2.5% and 10% strengths will be dispensed as schedule 4 medicines, meaning lower prescription restrictions for doctors and patients.

Bod has already experienced solid initial demand of the isolates and is confident that they will become more widely prescribed as physicians and patients look for alternative medicinal cannabis products when seeking treatment.

Ongoing medicinal cannabis prescription growth in Australia:

Uptake of Bod’s MediCabilis® products amongst physicians and patients continued during the period, with a total of 1,107 units filled during the quarter. This took the total prescriptions filled during the first three quarters of FY2020 to 3,064.

Bod received approximately forty prescriptions of its new MediCabilis® CBD isolates during the period and is confident that prescription volumes of the 2.5% and 10% isolates will continue to increase in line with its established, trusted MediCabilis® 5% product.

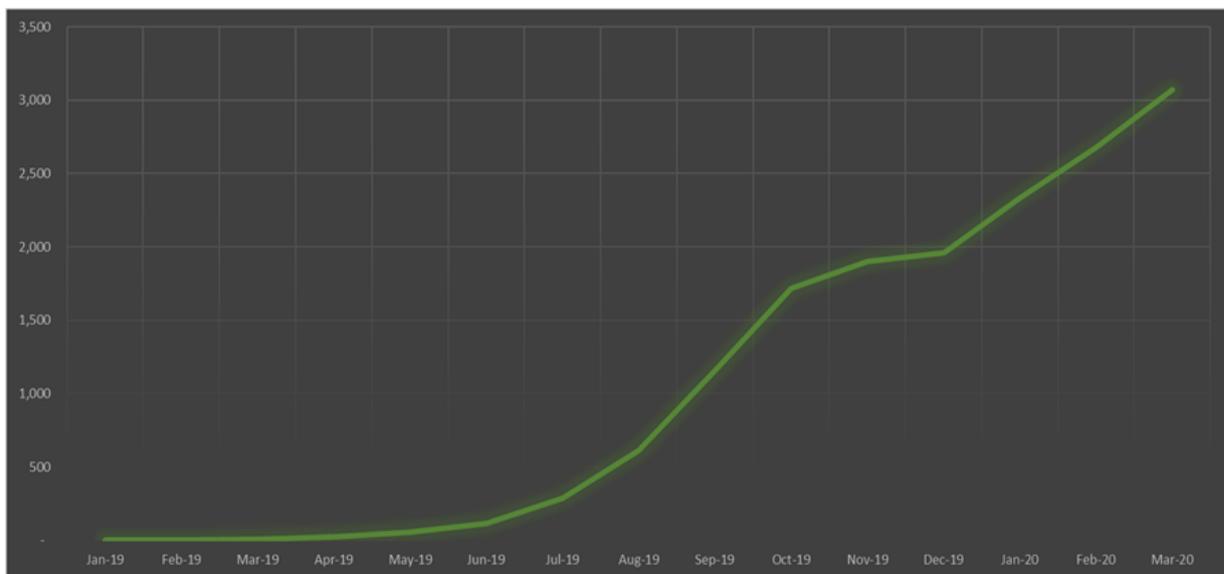


Image one: MediCabilis® prescription volumes from January 2019 to March 2020

Pleasingly, Bod is experiencing very low churn (~26%) amongst patients using MediCabilis®, highlighting physician and patient product satisfaction. Prescription volumes are expected to increase across the business due to the chronic indications in which the products are being used to treat. At present, 74% of MediCabilis® prescriptions are being used to treat chronic pain, epilepsy, stress and anxiety disorders.

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First Swisse Wellness hemp products delivered into 2,000 Australian stores:

Bod achieved a major milestone when it launched its first nine hemp-based products in collaboration with leading vitamin, supplement and skincare brand Swisse Wellness. The products are currently available in 2,000 stores nationwide including leading retailers such as Coles, Priceline Pharmacy and Chemist Warehouse.

This initial range of products marks the launch of Swisse’s hemp range in Australia and follows Bod’s exclusive global partnership with Health and Happiness Group Limited (H&H Group, HKSE: 1112), secured in July 2019 (refer ASX announcement: 19 July 2019).

The range includes skincare and soft gel caps containing hemp seed oil. The products have been well received by consumers to date and interest from large retail groups has been very encouraging.



Image two: Swisse Wellness – hemp-based skincare and ingestible products

Bod is working with H&H to introduce additional products to the range, as well as progress international market entries. Both parties have earmarked the USA, France, Italy and the Netherlands as targets and look forward to providing updates as international opportunities progress.

Forward outlook:

Bod is focused on delivering several important growth objectives this quarter, including:

- International expansion initiatives with new and existing H&H brands including Swisse and CBII;
- Achieving further growth in MediCabilis® prescription volumes domestically;
- Achieving the first MediCabilis® prescription in the UK and growing the Company’s footprint in another important market; and
- Ongoing collaborations with key research groups to advance research into the application of CBD based on the use of MediCabilis®.

Management commentary:

CEO Jo Patterson said: “The March quarter was highlighted by significant sales growth, further expansion of our product ranges and an expansion of the Company’s overall addressable market. These milestones have not only been revenue accretive to Bod, but also provide a solid foundation for our continued growth.

“The Company achieved a considerable increase in sales for the period and has now comfortably eclipsed the previous financial year. Bod is continuing to witness a strong demand for its products and we are confident of surpassing Q3 sales in the current quarter.

“We continue to rigorously manage our cost base as evidenced by our significantly reduced cash burn for the quarter. We have maintained a healthy cash balance of ~\$7.2m, which provides the flexibility to aggressively pursue multiple revenue generating opportunities.

“Bod has a strong product development pipeline and has earmarked a number of international markets. Board and management are pursuing a number of growth objectives and we look forward to updating shareholders in the coming months.”

- ENDS -

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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.

Committed to supporting the healthcare professional on Cannabinoid applications through education, research and trials.

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ⁱ Freshleaf Analytics Report – Q3 2019

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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 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
Sales for the quarter: 1,257		
Less movement in debtors: 965		
Cash received from customers	292	1,303
1.2 Payments for		
(a) research and development	(142)	(877)
(b) product manufacturing and operating costs	(923)	(2,803)
(c) advertising and marketing	(95)	(289)
(d) leased assets	-	-
(e) staff costs	(553)	(1,583)
(f) administration and corporate costs	(338)	(1,041)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	24	76
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	851	851
1.8 Other (development fee income)	-	1,500
1.9 Net cash from / (used in) operating activities	(884)	(2,863)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(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)	-	-
2.6 Net cash from / (used in) investing activities	-	(12)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	5,500
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	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)	-	-
3.10 Net cash from / (used in) financing activities	-	7,255

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	8,101	2,837
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(884)	(2,863)
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)	-	7,255
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	7,217	7,217

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	7,217	2,101
5.2	Call deposits*	-	6,000
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)	7,217	8,101
	*The call deposit matured just prior to 31 march and a new call deposit was initiated in April 2020.		

6. Payments to related parties of the entity and their associates

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	-

**Current quarter
\$A'000**

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.

	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)	(884)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	7,217
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	7,217
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	8

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

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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: 21 APRIL 2020

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.