Strong start to FY2021 leaves Bod well positioned for continued growth

- **Total attributable sales of ~$2.2m – 339% increase on prior corresponding period (Q1 FY2020: $507,000) with ongoing reduction in corporate, advertising and marketing spend achieved**
- **Record medicinal cannabis prescriptions sales realised – purchase orders for 2,630 MediCabilis™ units received highlighted 165% quarter-on-quarter growth (Q4 FY2020: 989)**
- **Bod became the first ASX-listed company to achieved 'Generally Recognised as Safe' status for CBD and hemp products in line with US Food & Drug Administration guidelines – allowing US market entry to commence**
- **Multiple binding purchase orders anticipated - underpinning continued revenue growth**
- **Strong cash balance of ~$4.96m provides financial flexibility**

Sydney, Australia – 14 October 2020: Medicinal cannabis, CBD and hemp healthcare products company, Bod Australia Limited ("Bod", or "the Company") (ASX: BDA) is pleased to provide this update to shareholders for the quarter ended 30 September 2020 (Q1 FY2021).

Bod made considerable progress during the period, which culminated in the commencement of nationwide R&D initiatives, record medicinal cannabis prescription growth, ongoing revenue generation across all operating businesses and achieving regulatory approvals which will allow it to pursue large market opportunities in the USA.

Corporate overview

Bod achieved a total of $2.2m in attributable sales for the period, which was made up of $1.4m in revenue and $0.75m in binding purchase orders. This is in line with the previous quarter and is a ~339% increase on the prior corresponding period ("PCP") (Q1 FY2020: $507,000). A further $0.1m in other revenue brings Bod's total attributable revenue for the period to $2.3m.

Revenue for the period was generated by further uptake of Bod's CBD products in the United Kingdom as well as growing sales of MediCabilis™ in both regions.

Pleasingly, the Company continued to reduce operating expenses driven by a 60% reduction in corporate costs on the PCP due to consolidation of consultants and the impact of remote work arrangements in Australia and the UK. Advertising and marketing expenditure remained low due to the company's agreement with Health and Happiness Group Ltd (H&H Group, HKSE: 1112), whereby H&H Group incurs the costs to market specific products.

Product and manufacturing costs were $2.03m which relates to payments for raw materials for existing purchase orders from H&H Group and further medicinal cannabis prescriptions. These cash outflows have allowed Bod to drive sales for the quarter and prepare for anticipated purchase orders during the current period, thus ensuring ongoing revenue growth.

Bod expects that these favourable trends in revenue and operating expenditure will continue into FY2021 and beyond. The Company anticipates the receipt of a number of additional purchase orders for it's pending US market entry and European expansion which will underpin further revenue growth.

Bod has retained a healthy cash balance of $4.96m at the end of the quarter, and together with mounting customer receipts, gives the Company the necessary financial capacity to fund future growth. There are a number of value accretive initiatives planned in the coming months that will continue to grow the Company's revenue base.

During the quarter the Company made payments totalling $0.23m to related parties representing remuneration paid to Directors.

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	91.4m
Market Capitalisation	~$42.5m

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
Level 1, 377 New South Head Rd
Double Bay, NSW 2028

T +612 9199 5018
E info@bodaustralia.com.au

For personal use only

Australia-wide medicinal cannabis study commenced:

Bod commenced a nationwide, multi-clinic, open label, observational study into the effectiveness of its medicinal cannabis product, MediCabilis™, for indications including anxiety disorders, insomnia and Post Traumatic Stress Disorder (PTSD).

The trial will collect data from 500 patients over 12 months, who will be prescribed MediCabilis™ over that period, with the aim to generate insights into the efficacy of the product on patients suffering from specific conditions. The initiative is being run through approved study sites across Australia with reputable partners including Cannabis Doctors Australia, Compass Clinics, Tetra Health and Cannabis Access Clinics.

Bod anticipates that each patient will be prescribed MediCabilis™ three to four times over the course of the study, adding to the Company's growing medicinal cannabis prescription pipeline. The study will also broaden visibility for MediCabilis™ amongst healthcare professionals and patients.

Strategic agreement with LYPHE Group to bolster UK medicinal cannabis prescription volumes:

Bod entered into an agreement with leading medicinal cannabis services provider and distributor LYPHE GROUP ("LYPHE") (www.lyphegroup.com). Under the agreement, LYPHE will act as Bod's preferred dispenser for Project Twenty21, Europe's largest medicinal cannabis registry targeting 20,000 patients (refer ASX announcement: 8 November 2019).

LYPHE is the UK's leading and busiest medicinal cannabis prescriber, providing telehealth services as well as physical clinics across the country. The group has 20 prescribing physicians that write over 50% of all new cannabis prescriptions in the UK market.

Bod will leverage LYPHE's established footprint in the UK, its distribution channels and network of physicians to fill the large number of prescriptions which will be generated from Project Twenty21. Bod will also utilise the partnership to build opportunities outside of Project Twenty21, allowing it to further penetrate the UK market.

Meaningful medicinal cannabis prescription sales are anticipated to commence during the current quarter and Bod looks forward to providing additional updates on volumes.

Regulatory shift unlocks large market opportunity:

Following the interim decision by the Therapeutic Goods Administration ("TGA") regarding the rescheduling of cannabinoid ("CBD") products, Bod advised that it would actively pursue a number of near term opportunities in the Australian market.

The decision was made on 9 September 2020 and stipulated that CBD products containing 98% or more of total cannabinoid content will be made available to consumers over-the-counter as an ARTG registered product, without the need of a prescription.

This unlocks a large market opportunity for Bod, as it will grow the overall size of the CBD market in Australia and allows the company to progress the introduction of new products. To capitalise, Bod is exploring opportunities through both its medicinal cannabis business division, as well as its CBD & hemp operations.

Any products launched through Bod's CBD & hemp consumer products vertical would be undertaken in collaboration with exclusive global partner and Swisse Wellness parent company, H&H Group.

The potential introduction of a new low dose format product will align with the revised guidelines, without compromising the sale of existing, high dose, full plant, MediCabilis™ products, which continues to gain significant traction in Australia.

The Company is continuing to explore a number of opportunities and clinical requirements to launch new potential low dose MediCabilis™ products to Australian consumers and looks forward to providing shareholders with updates on progress.

'Generally Recognised as Safe' (GRAS) status achieved to support US market entry:

In a major development, the Company advised that an independent expert panel has unanimously concluded that Bod's CBD and hemp oil preparation is Generally Recognised as Safe in specified food products in accordance with stringent US Food and Drug Administration ("FDA") safety guidelines.

Achieving Self-Affirmed GRAS status is a major achievement for Bod and means the Company's proprietary extract is now considered safe for use in a wide range of food supplements and beverage applications, directly supporting Bod's introduction of its CBD and hemp products into to the USA.

For personal use only

Following the approval, Bod has immediately progressed the launch of approximately 10 new products in oil and soft gel capsule formats for the US market under existing brands in collaboration with exclusive global partner and Swisse Wellness parent company, Health and Happiness Group Ltd (H&H Group, HKSE: 1112).

Bod and H&H Group will launch products directly to consumers through ecommerce platforms, as well as with recognised retailers in the US. Bod will leverage H&H's established presence in the country and anticipates significant revenue to materialise from this new market entry.

Manufacturing of first products is set to commence in the coming months, which will coincide with numerous purchase orders from H&H Group, underpinning revenue growth.

Record medicinal purchase orders achieved:

Bod achieved record medicinal cannabis prescription growth during the quarter, receiving purchase orders for a total of 2,630 MediCabilis™ units, highlighting 165% quarter-on-quarter uplift (Q4 FY2020: 989). Growth can be attributed to ongoing uptake and strong brand recognition in the Australian market, as well as clinical trial initiatives and Bod's active educational efforts with approved prescribers.

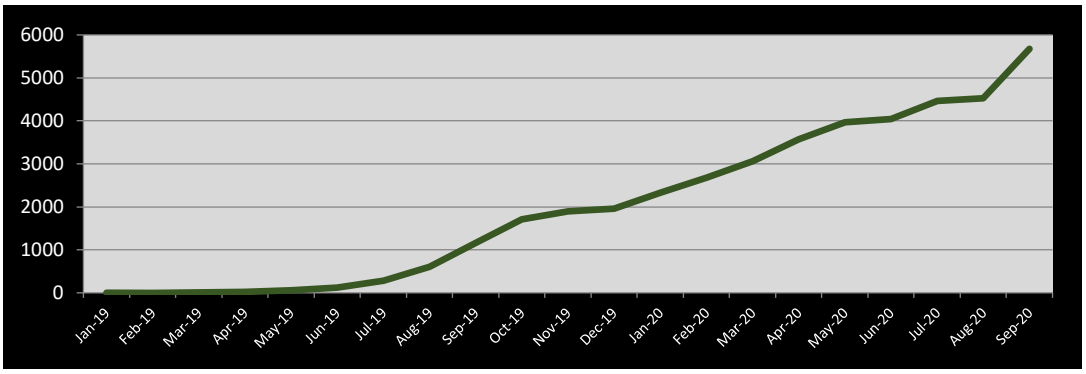


Image one: Cumulative units sold on a month-by-month basis (excluding purchase orders)

The Company delivered 1,630 of these units during the period, which is directly reflected in sales, with the balance to be shipped to partner clinics during the current period. The delivery of the initial 1,630 units equates to over 41% of the total prescriptions filled during FY2020 (FY2020: ~4,000).

The Company anticipates that strong sales will continue during the current period, particularly as UK operations continue to scale.

Effects of COVID-19:

COVID-19 has had a minimal impact on Bod's operations during Q1 FY2021. The Company received $25,000 in cash flow boost payments from the Australian government during the period. Bod did not receive any other COVID-19 related financial support.

Outlook:

Bod is focused on several important revenue generating opportunities and growth objectives this quarter and throughout FY2021 including:

- International market and product expansion initiatives with new and existing H&H Group brands, including Swisse Wellness, Swisse Me and CBII;
- Product manufacturing for the Company's proposed US market entry in collaboration with H&H Group;
- Additional growth of MediCabilis™ prescription volumes in Australia and the commencement of meaningful sales in the UK through Project Twenty21 and Bod's agreement with LYPHE Group;
- Ongoing collaborations with research groups to progress the insight of CBD and MediCabilis™ on chronic conditions; and
- Product development initiatives to target the Australian market following regulatory decisions by the TGA.

Management commentary:

CEO Jo Patterson said: *"The first quarter of the new financial year was one of significant progress. Pleasingly, both business divisions continue to generate growing, diversified and sustainable revenue streams. Operating expenditure is decreasing and product demand is strengthening, leaving Bod well positioned for the remainder of the financial year and beyond.*

"Importantly, a number of regulatory shifts including the TGA's interim decision and the Company achieving GRAS status in the USA have unlocked large market opportunities for Bod which we will actively pursue in the coming months. The US market entry in

For personal use only

collaboration with H&H Group will further grow Bod's revenue profile and push the Company towards a cashflow positive position. The US market is a major opportunity for us and we have the best possible partner and brand to achieve meaningful scale there.

"We look forward to providing updates on a number of growth opportunities, including new product launches, R&D initiatives, partnerships and the receipt of purchase orders for international expansion over the coming months."

- ENDS -

For personal use only

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.

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

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

For personal use only

Name of entity	
Bod Australia Limited	
ABN	**Quarter ended ("current quarter")**
89 601 225 441	30 September 2020

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		
	Sales for the quarter: 1,397		
	Movement in debtors: 455		
	Cash received from customers	1,852	1,852
1.2	Payments for		
	(a) research and development	(202)	(202)
	(b) product manufacturing and operating costs (relating to the sales recorded above and purchase orders)	(2,038)	(2,038)
	(c) advertising and marketing	(85)	(85)
	(d) leased assets	-	-
	(e) staff costs	(852)	(852)
	(f) administration and corporate costs	(181)	(181)
1.3	Dividends received (see note 3)		
1.4	Interest received	26	26
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	25	25
1.8	Other (royalty/development fee revenue)	15	15
1.9	**Net cash from / (used in) operating activities**	**(1,440)**	**(1,440)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-

For personal use only

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(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**	**-**	**-**

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**	**-**	**-**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 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	6,386	6,386
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,440)	(1,440)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**4,946**	**4,946**

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	3,746	2,386
5.2	Call deposits*	1,200	4,000
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)**	**4,946**	**6,386**

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	225
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

For personal use only

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)	1,440
8.2	Cash and cash equivalents at quarter end (Item 4.6)	4,946
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	4,946
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	3

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

For personal use only

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: 14 October 2020

Authorised by: .**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.

For personal use only