

## 1. Company details

Name of entity:	BOD Australia Limited
ABN:	89 601 225 441
Reporting period:	For the year ended 30 June 2021
Previous period:	For the year ended 30 June 2020

## 2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	24.0% to	7,439,508
Loss from ordinary activities after tax attributable to the owners of BOD Australia Limited	down	12.3% to	(4,226,105)
Loss for the year attributable to the owners of BOD Australia Limited	down	12.3% to	(4,226,105)

### Dividends

There were no dividends paid, recommended or declared during the current financial period.

### Comments

The loss for the consolidated entity after providing for income tax amounted to \$4,226,105 (30 June 2020: \$4,819,140).

Refer to the 'Review of operations' section of the Directors' report for further commentary on the results of the consolidated entity.

Bod has not experienced any adverse effect on operations from Coronavirus (COVID-19) other than slight delays in the manufacturing process. The consolidated entity has developed a workplace safety policy, designed to ensure the safety of staff and will continue to evolve practises to reflect the operating environment. The consolidated entity has not made any redundancies because of the pandemic, instead has focussed on growth opportunities while managing costs closely. Given Bod's MediCabilis™ products are used by patients with chronic conditions and are available on a prescription only basis through the Government's Special Access Scheme, sales channels remain uninterrupted by the effects of Coronavirus (COVID-19). Further, Bod's consumer product ranges are centred on preventative healthcare, and following the outbreak of the pandemic, Bod has seen consumers move further towards supplementation to support wellbeing, allowing the consolidated entity to further benefit. The consolidated entity is not reliant on a single contract manufacturer, and its raw material suppliers have adapted appropriate contingencies to ensure all aspects of the supply chain remain uninterrupted despite broader conditions.

### 3. Net tangible assets

	Consolidated 2021 \$	2020 \$
Net assets	8,660,524	4,807,005
Less: Intangibles	(337,906)	(447,679)
Net tangible assets	<u>8,322,618</u>	<u>4,359,326</u>
Number of ordinary shares on issue	105,914,920	91,369,465
	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>7.86</u>	<u>4.77</u>

### 4. Loss of control over entities

Not applicable.

### 5. Dividends

#### *Current period*

There were no dividends paid, recommended or declared during the current financial period.

#### *Previous period*

There were no dividends paid, recommended or declared during the previous financial period.

### 6. Dividend reinvestment plans

Not applicable.

### 7. Details of associates and joint venture entities

Not applicable.

### 8. Foreign entities

#### *Details of origin of accounting standards used in compiling the report:*

The foreign entities are presented in compliance with International Financial Reporting Standards (IFRS).

### 9. Audit qualification or review

#### *Details of audit/review dispute or qualification (if any):*

The financial statements have been audited and an unmodified opinion has been issued.

## 10. Attachments

*Details of attachments (if any):*

The Directors' report and annual financial statements of BOD Australia Limited for the year ended 30 June 2021 is attached.

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## 11. Signed

Signed 

Date: 20 August 2021

Joanne Patterson  
Director and Chief Executive Officer  
Sydney

# **BOD Australia Limited**

**ABN 89 601 225 441**

**Directors' report and annual financial statements - 30 June  
2021**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of BOD Australia Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

### **Directors**

The following persons were directors of BOD Australia Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mark Masterson (Non-Executive Chairman)  
George Livery  
Joanne Patterson  
Simon O'Loughlin  
Akash Bedi  
Hanno Cappon (appointed on 21 July 2021)  
Patrice Malard (resigned on 21 July 2021)

### **Principal activities**

The principal activities of the consolidated entity during the financial year was the development and manufacture of premium cannabidiol ('CBD') and hemp products for consumer markets in Australia and United Kingdom and more broadly, as well as the development, manufacture and distribution of therapeutics medicinal cannabis products based on Good Manufacturing Practice ('GMP') certified cannabis extracts for medical markets.

### **Dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

### **Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$4,226,105 (30 June 2020: \$4,819,140).

Total revenue for the year was \$7,439,508, which marked a 24.0% increase on the previous corresponding period ('PCP') (FY2020: \$6,001,230). Bod also reduced ordinary losses from activities by 12.3% to \$4,226,105, driven by a reduced spend on marketing costs and corporate overheads, despite the appointment of new employees in Australia, the UK and the US.

The revenue performance was underpinned by the sale of CBD and hemp products to exclusive global partner and Swisse Wellness ('Swisse') parent company, Health and Happiness Group Limited ('H&H', HKSE: 1112). Sales to H&H contributed approx. \$3.05m to revenue and highlights the strong consumer demand for Bod and H&H's innovative product ranges in Australia, the European Union and the UK.

Pleasingly, the company generated strong revenue from the sale of medicinal cannabis products in Australia under the Government's Special Access Scheme. During the year, MediCabilis™ sales in Australia contributed approx. \$1.6m, which highlights a 94% increase on the PCP and demonstrates the strong appeal and brand recognition that Bod continues to achieve in the Australian market.

Sales of the company's over the counter, legacy health and beauty products were \$677,021. Bod continues to focus on its high growth business segments of medicinal cannabis and CBD products.

Gross profit on sales of goods was up 12.40% from 16.7% during the PCP to 29.1%, due to volume increases and favourable negotiations with raw material suppliers.

Research and development ('R&D') expenses increased by \$289,213 or 17%, to \$1,980,210 due to the progression of Bod's Research Programmes in Australia and overseas. This research will cement Bod's position as an international market leader.

The company has also realised \$764,106 from R&D tax incentives during the year.

Bod held \$8,053,279 in cash and cash equivalents at the end of the period. This leaves Bod with the financial flexibility to fund ongoing CBD and hemp commercialisation initiatives, progress new market entries and promote medicinal cannabis prescription growth.

#### *Effects of COVID-19*

Bod has not experienced any adverse effect on operations from the COVID-19 pandemic. The consolidated entity has developed a stringent workplace safety policy, which is designed to ensure the safety of staff in key operating markets. The consolidated entity has continued to develop this strategy, alongside the evolving operating environment.

While some counterparties operating in markets including the United Kingdom and USA have witnessed minor delays in operations, Bod advises that its sales channels remain uninterrupted. Further and given Bod's product ranges are centred on preventative healthcare, the consolidated entity will benefit from consumers moving towards supplementation to support wellbeing.

The consolidated entity does not rely on a single contract manufacturer and Bod's raw material suppliers have adapted appropriate contingencies to ensure all aspects of the supply chain remain uninterrupted despite broader market conditions.

#### **Significant changes in the state of affairs**

The consolidated entity strengthened its cash balance raising \$8 million (before costs) through the issue of approximately 14.5 million new fully paid ordinary shares at \$0.55 per share ('placement') to sophisticated and institutional investors.

Funds raised from the placement will be used to launch new products, cover raw material costs and progress opportunities in key markets including the European Union, Australia, the UK and the USA, as well as promote prescription growth in Australia and pursue other revenue generating initiatives.

Bell Potter Securities led the placement, which was completed in a single tranche using the company's placement capacity under ASX Listing Rule 7.1 and Listing Rule 7.1A.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

#### **Matters subsequent to the end of the financial year**

The consequences of the Coronavirus (COVID-19) pandemic are continuing to be felt around the world, and its impact on the consolidated entity, if any, has been reflected in its published results to date. Whilst it would appear that control measures and related government policies, including the roll out of the vaccine, have started to mitigate the risks caused by COVID-19, it is not possible at this time to state that the pandemic will not subsequently impact the consolidated entity's operations going forward. The consolidated entity now has experience in the swift implementation of business continuation processes should future lockdowns of the population occur, and these processes continue to evolve to minimise any operational disruption. Management continues to monitor the situation both locally and internationally.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

#### **Likely developments and expected results of operations**

Following the consolidated entity's exclusive global agreement with Health & Happiness Group Ltd (H&H Group, HKSE: 1112) announced in July 2019, Bod has developed a number of new CBD and hemp products that are being sold under new and existing H&H Group brands. The launch of these new products, coupled with ongoing uptake of the consolidated entity's MediCabilis™ product in Australia and UK, has allowed the consolidated entity to create a recurring, diversified and growing revenue base, which will increase during FY2022 and beyond.

Bod has several growth initiatives planned for its CBD and hemp business division, which include product range extensions, new product launches and new market entries into the USA, Italy and other established markets. As well, the consolidated entity expects MediCabilis™ prescription sales to grow in Australia and the United Kingdom through new partnerships and as new patients are enrolled in Europe's largest medicinal cannabis registry Project Twenty21.

#### **Environmental regulation**

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law, or other countries in which it operates.

**Information on directors**

Name:	Mark Masterson
Title:	Non-Executive Chairman
Qualifications:	Bachelor of Commerce
Experience and expertise:	Mark 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. Mark 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.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit Committee and Remuneration Committee
Interests in shares:	441,176 ordinary shares
Interests in options:	750,000 options over ordinary shares
Name:	George Livery
Title:	Executive Director
Qualifications:	Fellow of the Australian Marketing Institute
Experience and expertise:	George has over 25 years' experience in senior roles domestically and internationally. Most relevant are his last seven years as director of strategy and corporate development at Swisse Wellness Group, a market leading wellness brand. In addition, George's high-level executive experience is culminated in positions across multiple other industries including the role of chief executive officer at Village Cinemas Australia, chief operating officer of Village International, commercial director at Hoyts Limited, and director of operations and marketing (non-academic services) at the University of Sydney. He has won numerous marketing awards including the Australian Marketing Institute ('AMI') marketing program of the year in 2008 and Loyalty Program of the year also in 2008. George is a qualified migration agent, not-for-profit advisor, corporate board strategist, investor and mentor.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Remuneration Committee
Interests in shares:	320,000 ordinary shares
Interests in options:	2,800,000 options over ordinary shares
Name:	Joanne Patterson
Title:	Chief Executive Officer
Qualifications:	MBus. Marketing
Experience and expertise:	Jo has over 20 years' experience in business and corporate strategy with exposure in Australia and international markets. She has developed a number of businesses from start-up as well as driving established organisations towards growth and merger trajectories. She has been officially recognised as a successful business executive by winning a number of key business awards and her acumen is evidenced in the success of previous companies in the technology, advertising and beauty sectors. Jo has held multiple CEO and Managing Director roles over her career.
	These wide and diverse experiences led her to establish Bod in 2014 and subsequently list the business on the ASX in 2016.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	6,550,000 ordinary shares
Interests in options:	462,238 options over ordinary shares

**Name:** Simon O'Loughlin  
**Title:** Non-Executive Director  
**Qualifications:** BA (Acc), Law Society Certificate in Law  
**Experience and expertise:** Simon is the founder of O'Loughlins Lawyers, an Adelaide based, specialist commercial law firm. He has extensive experience in the corporate and commercial law fields while practising in Sydney and Adelaide, and also holds accounting qualifications. Simon has extensive experience and involvement with companies in the small industrial and resources sectors. He has also been involved in the listing and back-door listing of numerous companies on the ASX, most recently the back-door listings of The Food Revolution Group Limited (formerly Crest Minerals Limited) and Xref Limited (formerly King Solomon Mines Limited). He is a former Chairman of the Taxation Institute of Australia (SA Division) and Save the Children Fund (SA Division).

**Other current directorships:** Chesser Resources Limited and Petrathern Limited  
**Former directorships (last 3 years):** Kibaran Resources Limited, Food Revolution Group Limited, Goldminex Limited, Oklo Resources Limited, Crest Minerals Limited, Reproductive Health Science Limited, King Solomon Mines Limited, Lawson Gold Limited, Gooroo Ventures Limited, ARC Exploration Limited and WCP Resources Limited  
**Special responsibilities:** Member of the Audit Committee and Member of the Remuneration Committee  
**Interests in shares:** 1,160,000 ordinary shares  
**Interests in options:** 500,000 options over ordinary shares

**Name:** Akash Bedi  
**Title:** Non-Executive Director  
**Qualifications:** Bachelor of Engineering (Mechanical) MBA Cardiff Business School  
**Experience and expertise:** Akash is Group Senior Director of Strategy and Corporate Affairs at H&H Group. He is based in Hong Kong and is responsible for leading H&H Group's strategy and business development including mergers and acquisitions, and strategic investments for NewH2. He has extensive experience in investing in global start-ups and high growth companies with technologies and businesses that are of strategic importance to H&H Group. Akash has a wealth of experience in multicultural and global environments. Prior to joining H&H Group, he was a Director of Global Consumer and Retail for HSBC for over a decade. During this time he worked on a number of highly complex acquisitions in North America, London and Asia.

**Other current directorships:** Else Nutrition Holdings, Inc  
**Former directorships (last 3 years):** None  
**Special responsibilities:** Member of the Audit Committee  
**Interests in shares:** None  
**Interests in options:** 1,000,000 options over ordinary shares

**Name:** Hanno Cappon  
**Title:** Non-Executive Director (appointed on 21 July 2021)  
**Qualifications:** MSc (Engineer Chemical Technology), PhD (Bio-Organic Chemistry), Post-Doctoral Research Fellowship  
**Experience and expertise:** Hanno 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. Hanno'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.

**Other current directorships:** None  
**Former directorships (last 3 years):** None  
**Interests in shares:** None  
**Interests in options:** None



Name: Patrice Malard  
 Title: Non-Executive Director (resigned on 21 July 2021)  
 Qualifications: PhD in microbial genetics and cell biology from the University of Lille in France  
 Experience and expertise: Patrice is Chief Technology Officer of H&H Group, General Manager of the H&H Technical Centre and Chairman of H&H Group's BINC foundation. He has had a storied career spanning nearly four decades, having held multiple senior roles with international agriculture and food focused companies. Prior to joining Biostime in 2010 as a consultant, Patrice was Strategy and Development Director of US seed company, Pioneer-Hi Bred's French entity. Following this role, Patrice joined Lallemand, a French Canadian company focused on producing probiotics where he was Business Development Director of the human nutrition group focused on European and Asian markets. Shortly after his time at Lallemand, he started his own company, Kloarys Development to work on using probiotics in cosmetics.

Other current directorships: None  
 Former directorships (last 3 years): None  
 Interests in shares: None  
 Interests in options: 500,000 options over ordinary shares

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

### Company secretary

Stephen Kelly has held the role of company secretary since September 2018.

Stephen Kelly is a Chartered Accountant with more than 25 years' experience in the areas of external and internal audit, risk management and compliance, treasury and corporate finance across a range of industry sectors including mining, infrastructure, property development and banking and finance. He has served as the chief executive officer and company secretary for a number of companies listed on the ASX, TSX and the London Stock Exchange.

### Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Full Board		Audit Committee		Remuneration Committee	
	Attended	Held	Attended	Held	Attended	Held
Mark Masterson	6	6	2	2	2	2
George Livery	6	6	-	-	2	2
Joanne Patterson	6	6	-	-	-	-
Simon O'Loughlin	5	6	1	2	2	2
Akash Bedi	4	6	2	2	-	-
Patrice Malard	6	6	-	-	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

### Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

#### ***Principles used to determine the nature and amount of remuneration***

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparent.

The Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

The reward framework is designed to align executive reward to shareholders' interests. The Remuneration Committee has considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

#### ***Non-executive directors' remuneration***

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Remuneration Committee. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The maximum remuneration for non-executive directors' remains at \$300,000 per annum unless specifically approved by shareholders. All directors are entitled to be paid all travelling and other expenses properly incurred by them in attending, participating in and returning from meetings of the directors or any committee of directors or general meetings of the company or otherwise in connection with the business of the company.

#### ***Executive remuneration***

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Remuneration Committee based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include the consolidated entity achieving targeted net profits for each financial year.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders' value relative to the entire market and the increase compared to the consolidated entity's direct competitors. The Remuneration Committee reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2021.

#### *Consolidated entity performance and link to remuneration*

Remuneration for certain individuals is directly linked to the performance of the consolidated entity. A portion of cash bonus and incentive payments are dependent on defined profit targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Remuneration Committee. Refer to the section 'Additional information' below for details of the earnings and total shareholders return since listing on the ASX.

#### *Use of remuneration consultants*

During the financial year ended 30 June 2021, the consolidated entity did not engage remuneration consultants to review its existing remuneration policies and provide recommendations on how to improve both the STI and LTI programs.

#### *Voting and comments made at the company's 2020 Annual General Meeting ('AGM')*

At the 2020 AGM, 99% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2020. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

### **Details of remuneration**

#### *Amounts of remuneration*

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following:

- Mark Masterson - Non-Executive Chairman
- George Livery – Non-Executive Director
- Joanne Patterson – Chief Executive Officer
- Simon O'Loughlin – Non-Executive Director
- Akash Bedi – Non-Executive Director
- Patrice Malard – Non-Executive Director
- Craig Weller - Chief Operating Officer

The amount of remuneration of directors and key management personnel is set out below:

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
	\$	\$	\$	\$	\$	\$	\$
<b>2021</b>							
<i>Non-Executive Directors:</i>							
Mark Masterson	60,000	-	-	5,700	-	55,514	121,214
George Livery	45,662	-	-	4,338	-	145,863	195,863
Simon O'Loughlin	45,662	-	-	4,338	-	37,009	87,009
Akash Bedi	50,000	-	-	-	-	94,140	144,140
Patrice Malard	50,000	-	-	-	-	37,009	87,009
<i>Executive Directors:</i>							
Joanne Patterson *	330,750	64,430	6,091	37,542	-	113,817	552,630
<i>Other Key Management Personnel:</i>							
Craig Weller *	278,250	54,203	-	31,583	-	103,838	467,874
	<b>860,324</b>	<b>118,633</b>	<b>6,091</b>	<b>83,501</b>	<b>-</b>	<b>587,190</b>	<b>1,655,739</b>

\* The bonus paid to Ms Patterson and Mr Weller was paid in cash on 21 July 2020 based on the consolidated entity's EBITDA performance against budget as determined by the Remuneration Committee.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
	\$	\$	\$	\$	\$	\$	\$
<b>2020</b>							
<i>Non-Executive Directors:</i>							
Mark Masterson *	38,571	-	-	3,664	-	69,136	111,371
George Livery	46,139	-	-	4,383	-	273,954	324,476
Simon O'Loughlin	41,854	-	-	3,976	-	46,091	91,921
Akash Bedi **	39,896	-	-	-	-	46,091	85,987
Patrice Malard **	39,896	-	-	-	-	46,091	85,987
Simon Taylor ****	12,499	-	-	1,187	-	-	13,686
<i>Executive Directors:</i>							
Joanne Patterson	314,999	64,430	11,308	29,925	-	-	420,662
Stephen Thompson ***	14,938	-	-	1,382	-	-	16,320
<i>Other Key Management Personnel:</i>							
Craig Weller	264,999	54,203	6,455	25,175	-	-	350,832
	<b>813,791</b>	<b>118,633</b>	<b>17,763</b>	<b>69,692</b>	<b>-</b>	<b>481,363</b>	<b>1,501,242</b>

\* Represents remuneration from date of appointment 25 November 2019 to 30 June 2020.

\*\* Represents remuneration from date of appointment 23 July 2019 to 30 June 2020.

\*\*\* Represents remuneration from 1 July 2019 to the date of resignation 18 December 2019.

\*\*\*\* Represents remuneration from 1 July 2019 to the date of resignation 25 November 2019.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2021	2020	2021	2020	2021	2020
<i>Non-Executive Directors:</i>						
Mark Masterson	54%	38%	-	-	46%	62%
George Livery	26%	16%	-	-	74%	84%
Simon O'Loughlin	57%	50%	-	-	43%	50%
Akash Bedi	35%	46%	-	-	65%	54%
Patrice Malard	57%	46%	-	-	43%	54%
Simon Taylor	-	100%	-	-	-	-
<i>Executive Directors:</i>						
Joanne Patterson	67%	85%	12%	15%	21%	-
Stephen Thompson	-	100%	-	-	-	-
<i>Other Key Management Personnel:</i>						
Craig Weller	66%	85%	12%	15%	22%	-

#### **Service agreements**

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Joanne Patterson
Title:	Chief Executive Officer
Agreement commenced:	5 September 2016
Term of agreement:	Period of three years commencing on the date on which the company is admitted to the Official Listing of the ASX. After the initial period the agreement remains in full force and effect unless terminated. Due to the expiry of this agreement the Board has agreed to continue on the same terms and conditions.
Details:	During the year ended 30 June 2021, Jo was paid an annual salary of \$330,750, exclusive of statutory superannuation payments. Her total remuneration package is reviewed annually by the Board, with any changes to be effective from 1 July each year. Jo may become entitled to an annual cash bonus and issue of options, subject to satisfying key performance indicators ('KPIs') set by the Board annually.

The amount and terms of any such cash bonus and issue of options is determined by the Board with reference to the extent, if any, that the Board is of the view that the applicable KPIs have been exceeded and the degree to which Jo is responsible for that outcome. On satisfying KPIs and business performance up to 20% short term bonus may be paid. Long term incentives in the form of shares is fixed to certain share price targets. This could result in a further 20% incentive.

The company may terminate Jo's employment summarily because of, among other things, misconduct or failure to perform duties specified in the Agreement and involvement in any illegal business practices. The company can also terminate Jo's employment by giving three months' notice in writing (or payment in lieu of notice).

Name: Craig Weller  
Title: Chief Operating Officer  
Agreement commenced: 5 September 2016  
Term of agreement: Period of three years commencing on the date on which the company is admitted to the Official Listing of the ASX. After the initial period the agreement remains in full force and effect unless terminated. Due to the expiry of this agreement the Board has agreed to continue on the same terms and conditions.  
Details: During the year ended 30 June 2021, Craig was paid an annual salary of \$278,250, exclusive of statutory superannuation payments. His total remuneration package is reviewed annually by the Board, with any changes to be effective from 1 July each year. Craig may become entitled to an annual cash bonus and issue of options, subject to satisfying KPIs set by the Board annually.

The amount and terms of any such cash bonus and issue of options is determined by the Board with reference to the extent, if any, that the Board is of the view that the applicable KPIs have been exceeded and the degree to which Craig is responsible for that outcome. On satisfying KPIs and business performance up to 20% short term bonus may be paid. Long term incentives in the form of shares is fixed to certain share price targets. This could result in a further 20% incentive.

The company may terminate Craig's employment summarily because of, among other things, misconduct or failure to perform duties specified in the Agreement and involvement in any illegal business practices. The company can also terminate Craig's employment by giving three months' notice in writing (or payment in lieu of notice).

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

### **Share-based compensation**

#### *Issue of shares*

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2021.

#### *Options*

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
17 November 2017	17 November 2017	17 November 2020	\$0.20	\$0.0814
17 November 2017	17 November 2018	17 November 2020	\$0.25	\$0.0749
17 November 2017	17 May 2019	17 November 2020	\$0.30	\$0.0694
24 July 2018	1 July 2019	30 June 2022	\$0.50	\$0.2800
24 July 2018	1 July 2020	30 June 2023	\$0.50	\$0.3031
24 July 2018	1 July 2021	30 June 2024	\$0.50	\$0.3231
26 November 2018	1 July 2019	26 November 2021	\$0.50	\$0.2700
9 December 2019	9 December 2019	9 December 2022	\$0.47	\$0.1662
18 December 2020	18 December 2021	18 December 2023	\$0.75	\$0.2736
18 December 2020	30 June 2021	25 November 2025	\$0.00	\$0.3969
18 December 2020	30 June 2022	25 November 2025	\$0.00	\$0.3952



Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
George Livery	550,000	24 Jul 2018	1 Jul 2019	30 Jun 2022	\$0.50	\$0.2800
George Livery	750,000	24 Jul 2018	1 Jul 2020	30 Jun 2023	\$0.50	\$0.3031
George Livery	1,000,000	24 Jul 2018	1 Jul 2021	30 Jun 2024	\$0.50	\$0.3231
Akash Bedi	500,000	9 Dec 2019	9 Dec 2020	9 Dec 2022	\$0.47	\$0.1662
Patrice Malard	500,000	9 Dec 2019	9 Dec 2020	9 Dec 2022	\$0.47	\$0.1662
George Livery	500,000	9 Dec 2019	9 Dec 2020	9 Dec 2022	\$0.47	\$0.1662
Simon O'Loughlin	500,000	9 Dec 2019	9 Dec 2020	9 Dec 2022	\$0.47	\$0.1662
Mark Masterson	750,000	9 Dec 2019	9 Dec 2020	9 Dec 2022	\$0.47	\$0.1662
Akash Bedi	500,000	18 Dec 2020	18 Dec 2021	18 Dec 2023	\$0.75	\$0.2736
Joanne Patterson *	213,119	18 Dec 2020	30 Jun 2021	25 Nov 2025	\$0.00	\$0.3969
Joanne Patterson *	213,119	18 Dec 2020	30 Jun 2022	25 Nov 2025	\$0.00	\$0.3952
Craig Weller *	194,433	18 Dec 2020	30 Jun 2021	25 Nov 2025	\$0.00	\$0.3969
Craig Weller *	194,433	18 Dec 2020	30 Jun 2022	25 Nov 2025	\$0.00	\$0.3952

\* Ms Patterson and Mr Weller were issued long term incentive rights granted with various barrier prices

Options granted carry no dividend or voting rights.

All options were granted over unissued fully paid ordinary shares in the company. The number of options granted was determined having regard to the satisfaction of performance measures and weightings as described above in the section 'Consolidated entity performance and link to remuneration'. Options vest based on the provision of service over the vesting period whereby the executive becomes beneficially entitled to the option on vesting date. Options are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2021 are set out below:

Name	Number of options granted during the year 2021	Number of options granted during the year 2020	Number of options vested during the year 2021	Number of options vested during the year 2020
Mark Masterson	-	750,000	750,000	-
George Livery	-	500,000	500,000	550,000
Joanne Patterson	462,238	-	-	-
Akash Bedi	500,000	500,000	500,000	-
Patrice Malard	-	500,000	500,000	-
Simon O'Loughlin	-	500,000	500,000	-
Stephen Thompson	-	-	-	550,000
Craig Weller	388,866	-	-	-

#### Additional information

The earnings of the consolidated entity for the five years to 30 June 2021 are summarised below:

	2021 \$	2020 \$	2019 \$	2018 \$	2017 \$
Revenue from contracts with customers and other revenue	7,419,562	5,925,272	1,273,391	1,129,161	352,877
Loss for the year	(4,226,105)	(4,819,140)	(7,623,571)	(3,672,105)	(3,168,615)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2021	2020	2019	2018	2017
Loss per share (cents) for the year ended 30 June	(4.26)	(5.40)	(11.59)	(7.18)	(9.24)
Share Price at 30 June (cents)	33.50	27.00	34.00	54.00	17.50
Share Price High for year ended 30 June (cents)	74.00	72.00	66.00	72.00	31.00
Share Price Low for the year ended 30 June (cents)	25.50	12.00	22.00	9.00	16.00

**Additional disclosures relating to key management personnel**

**Shareholding**

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<b>Ordinary shares</b>					
Mark Masterson	441,176	-	-	-	441,176
George Livery	340,202	-	-	(20,202)	320,000
Joanne Patterson	6,550,000	-	-	-	6,550,000
Simon O'Loughlin	1,160,000	-	-	-	1,160,000
Akash Bedi	-	-	-	-	-
Patrice Malard	-	-	-	-	-
Craig Weller	4,852,329	-	-	-	4,852,329
	13,343,707	-	-	(20,202)	13,323,505

**Option holding**

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<b>Options over ordinary shares</b>					
Mark Masterson	750,000	-	-	-	750,000
George Livery	2,800,000	-	-	-	2,800,000
Joanne Patterson	-	426,238	-	-	426,238
Simon O'Loughlin	500,000	-	-	-	500,000
Akash Bedi	500,000	500,000	-	-	1,000,000
Patrice Malard	500,000	-	-	-	500,000
Craig Weller	-	388,866	-	-	388,866
	5,050,000	1,315,104	-	-	6,365,104

As at 30 June 2021 there were no options over ordinary shares that had vested and are exercisable, and no options that have vested and are unexercisable.

**Other transactions with key management personnel and their related parties**

There have been no other transactions with key management personnel and their related parties during the financial year.

**This concludes the remuneration report, which has been audited.**



### Shares under option

Unissued ordinary shares of BOD Australia Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
24 July 2018	30 June 2022	\$0.50	550,000
24 July 2018	30 June 2023	\$0.50	750,000
24 July 2018	30 June 2024	\$0.50	1,000,000
26 November 2018	26 November 2021	\$0.50	550,000
26 November 2018	*	\$0.55	798,373
26 November 2018	*	\$0.65	798,373
26 November 2018	*	\$0.75	798,374
9 December 2019	9 December 2022	\$0.47	2,750,000
18 December 2020	18 December 2023	\$0.75	500,000
18 December 2020	26 November 2025	\$0.00	407,552
18 December 2020	26 November 2025	\$0.00	407,552
			<u>9,310,224</u>

\* These options do not have a fixed expiry date and will expire 3 years after vesting date which is determined by reference to the achievement of specified volume weighted average price ('VWAP') conditions.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

### Shares issued on the exercise of options

There were no ordinary shares of BOD Australia Limited issued on the exercise of options during the year ended 30 June 2021 and up to the date of this report.

### Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

### Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

### Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

### Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 20 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 20 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

**Officers of the company who are former partners/directors of Nexia Sydney Audit Pty Ltd**

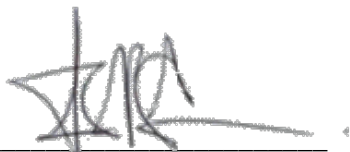
There are no officers of the company who are former partners/directors of Nexia Sydney Audit Pty Ltd.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Joanne Patterson  
Director and Chief Executive Officer

20 August 2021  
Sydney

To the Board of Directors of Bod Australia Limited

**Auditor's Independence Declaration under section 307C of the *Corporations Act 2001***

As lead audit director for the audit of the financial statements of Bod Australia Limited for the financial year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

Yours sincerely



**Nexia Sydney Audit Pty Ltd**



**Joseph Santangelo**  
Director

Date: 20 August 2021

Statement of profit or loss and other comprehensive income	17
Statement of financial position	18
Statement of changes in equity	19
Statement of cash flows	20
Notes to the financial statements	21
Directors' declaration	48
Independent auditor's report to the members of BOD Australia Limited	49

## **General information**

The financial statements cover BOD Australia Limited as a consolidated entity consisting of BOD Australia Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is BOD Australia Limited's functional and presentation currency.

BOD Australia Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

### **Registered office**

Suite 2, Level 10, 70 Phillip Street  
Sydney NSW 2000

### **Principal place of business**

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

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 20 August 2021. The directors have the power to amend and reissue the financial statements.

**BOD Australia Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2021**

bodaustralia

	Note	Consolidated 2021 \$	2020 \$
<b>Revenue from contracts with customers and other revenue</b>	4	7,419,562	5,925,272
Other income	5	86,266	50,000
Interest revenue calculated using the effective interest method		19,946	75,958
<b>Expenses</b>			
Raw materials and consumables used		(3,920,936)	(3,875,056)
Distribution expense		(453,326)	(224,411)
Research and development expense		(1,980,210)	(1,686,781)
Employee/director benefits expense		(3,312,209)	(2,230,656)
Depreciation and amortisation expense	6	(133,226)	(66,714)
Impairment of inventories		24,977	(392,545)
Marketing expense		(276,142)	(518,022)
Foreign exchange loss		-	(41,183)
Share-based payment expense		(587,190)	(353,504)
Other expenses		(1,113,617)	(1,481,498)
<b>Loss before income tax expense</b>		(4,226,105)	(4,819,140)
Income tax expense	7	-	-
<b>Loss after income tax expense for the year attributable to the owners of BOD Australia Limited</b>		(4,226,105)	(4,819,140)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(8,161)	(22,794)
Other comprehensive income for the year, net of tax		(8,161)	(22,794)
<b>Total comprehensive income for the year attributable to the owners of BOD Australia Limited</b>		<u>(4,234,266)</u>	<u>(4,841,934)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	28	(4.26)	(5.40)
Diluted earnings per share	28	(4.26)	(5.40)

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

	Note	Consolidated 2021 \$	2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	8,053,279	6,385,663
Trade and other receivables	9	729,798	1,487,267
Inventories	10	407,580	474,595
Other assets	11	792,940	88,874
Total current assets		<u>9,983,597</u>	<u>8,436,399</u>
<b>Non-current assets</b>			
Property, plant and equipment	12	30,465	29,532
Intangibles	13	337,906	447,679
Total non-current assets		<u>368,371</u>	<u>477,211</u>
<b>Total assets</b>		<u>10,351,968</u>	<u>8,913,610</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	14	808,215	2,175,922
Contract liabilities	15	106,313	913,677
Employee benefits		123,384	94,723
Accrued expenses		653,532	638,119
Total current liabilities		<u>1,691,444</u>	<u>3,822,441</u>
<b>Non-current liabilities</b>			
Contract liabilities	15	-	284,164
Total non-current liabilities		<u>-</u>	<u>284,164</u>
<b>Total liabilities</b>		<u>1,691,444</u>	<u>4,106,605</u>
<b>Net assets</b>		<u>8,660,524</u>	<u>4,807,005</u>
<b>Equity</b>			
Issued capital	16	29,395,185	21,894,590
Reserves	17	3,149,595	2,570,566
Accumulated losses		(23,884,256)	(19,658,151)
<b>Total equity</b>		<u>8,660,524</u>	<u>4,807,005</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2019	14,665,696	2,239,856	(14,839,011)	2,066,541
Loss after income tax expense for the year	-	-	(4,819,140)	(4,819,140)
Other comprehensive income for the year, net of tax	-	(22,794)	-	(22,794)
Total comprehensive income for the year	-	(22,794)	(4,819,140)	(4,841,934)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 16)	5,484,630	-	-	5,484,630
Share-based payments (notes 17 and 29)	-	353,504	-	353,504
Shares issued on the exercise of options (notes 17 and 29)	1,744,264	-	-	1,744,264
Balance at 30 June 2020	<u>21,894,590</u>	<u>2,570,566</u>	<u>(19,658,151)</u>	<u>4,807,005</u>
<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2020	21,894,590	2,570,566	(19,658,151)	4,807,005
Loss after income tax expense for the year	-	-	(4,226,105)	(4,226,105)
Other comprehensive income for the year, net of tax	-	(8,161)	-	(8,161)
Total comprehensive income for the year	-	(8,161)	(4,226,105)	(4,234,266)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 16)	7,500,595	-	-	7,500,595
Share-based payments (notes 17 and 29)	-	587,190	-	587,190
Balance at 30 June 2021	<u>29,395,185</u>	<u>3,149,595</u>	<u>(23,884,256)</u>	<u>8,660,524</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

	<b>Note</b>	<b>Consolidated 2021 \$</b>	<b>2020 \$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		7,610,784	3,373,464
Payments to suppliers and employees (inclusive of GST)		(14,342,500)	(9,107,424)
Interest received		19,946	75,958
Research and development incentive received		764,106	851,456
Research and development fee income		-	1,500,000
Government grants		50,000	50,000
Royalty		64,637	27,698
Net cash used in operating activities	27	(5,833,027)	(3,228,848)
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	12	(18,664)	(21,233)
Payments for intangibles	13	(4,939)	(439,387)
Payments for security deposits		(3,269)	(2,961)
Net cash used in investing activities		(26,872)	(463,581)
<b>Cash flows from financing activities</b>			
Net proceeds from issue of shares	16	7,500,595	5,484,630
Net proceeds from issue of options		-	1,744,264
Net cash from financing activities		7,500,595	7,228,894
Net increase in cash and cash equivalents		1,640,696	3,536,465
Cash and cash equivalents at the beginning of the financial year		6,385,663	2,843,797
Effects of exchange rate changes on cash and cash equivalents		26,920	5,401
Cash and cash equivalents at the end of the financial year	8	<u>8,053,279</u>	<u>6,385,663</u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*



## **Note 1. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **New or amended Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

#### *Conceptual Framework for Financial Reporting (Conceptual Framework)*

The consolidated entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

### **Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

#### *Historical cost convention*

The financial statements have been prepared under the historical cost convention.

#### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

### **Going concern**

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity has incurred a loss after tax of \$4,226,105 (2020: \$4,819,140) and incurred net operating cash outflows for the year of \$5,833,027 (2020: \$3,228,848).

During the year the consolidated entity was successful in raising capital and at 30 June 2021 had cash and cash equivalents of \$8,053,279 (30 June 2020: \$6,385,663).

The ability of the consolidated entity to continue as a going concern is principally dependent upon managing its cash reserves in order to balance the execution of its growth strategy with maintaining adequate working capital reserves.

Having carefully assessed the consolidated entity's forecasts and its ability to effectively manage expenditures and cash flows from operations, the directors believe that the consolidated entity's existing cash reserves are adequate to fund its planned operations for at least 12 months from the date of this report.

Taking into consideration the above matters, the directors believe there is a reasonable basis to prepare the financial statements on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business.

### **Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 25.

## **Note 1. Significant accounting policies (continued)**

### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of the subsidiaries of BOD Australia Limited ('company' or 'parent entity') as at 30 June 2021 and the results of its subsidiaries for the year then ended. BOD Australia Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### **Operating segments**

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

### **Foreign currency translation**

The financial statements are presented in Australian dollars, which is BOD Australia Limited's functional and presentation currency.

#### *Foreign currency transactions*

Foreign currency transactions are translated into the entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

#### *Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

## **Note 1. Significant accounting policies (continued)**

### **Revenue recognition**

The consolidated entity recognises revenue as follows:

#### *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

#### *Sale of goods*

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

#### *Research and development fee income*

Research and development fee income is recognised as revenue as the performance obligations are satisfied over time, in a manner that matches the fee to the costs that they are intended to compensate.

#### *Research and development incentive*

Research and development incentive is recognised as income based on a percentage of the research and development costs incurred that qualify for the incentive, and the right to receive payment has been established.

#### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### *Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

### **Government grants**

Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and the consolidated entity will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

## **Note 1. Significant accounting policies (continued)**

### **Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

### **Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 60 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

## **Note 1. Significant accounting policies (continued)**

### **Inventories**

Finished goods are stated at the lower of cost and net realisable value on a standard cost basis. Cost of inventory is determined using the standard cost and comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### **Property, plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Plant and equipment	1-3 years
---------------------	-----------

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

### **Intangible assets**

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The amortisation method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

#### *Patents and trademarks*

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of 3 years.

### **Research and development**

Research costs are expensed in the period in which they are incurred. Development costs are capitalised if and when: it is probable that the project will be a success considering its commercial and technical feasibility; the entity is able to use or sell the asset; the entity has sufficient resources and intent to complete the development; and its costs can be measured reliably.

Expenditure on the development of new products to be sold to H&H Global as part of the exclusive licence agreement have been capitalised. These costs are amortised from the date that the product development is completed and the products are ready for sale. These development costs are assessed for indicators of impairment at least annually or more frequently if there are significant events or changes in circumstances that occur.

### **Impairment of non-financial assets**

Non-financial assets (such as plant and equipment and patents and trademarks) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

### **Leases**

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss on a straight-line basis.

## **Note 1. Significant accounting policies (continued)**

### **Trade and other payables**

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### **Contract liabilities**

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

### **Refund liabilities**

Refund liabilities are recognised where the consolidated entity receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the consolidated entity does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

### **Employee benefits**

#### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

#### *Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

#### *Share-based payments*

Equity-settled share-based compensation benefits are provided to employees and certain consultants.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees and consultants in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the trinomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.



## **Note 1. Significant accounting policies (continued)**

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

### **Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **Earnings per share**

#### ***Basic earnings per share***

Basic earnings per share is calculated by dividing the profit attributable to the owners of BOD Australia Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

#### ***Diluted earnings per share***

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### **Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### **Comparatives**

Certain comparatives have been reclassified for consistency with the current period presentation. There was no effect on profit or loss, assets, liabilities or equity.

### **New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2021. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

## **Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### *Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

### *Share-based payment transactions*

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes and Barrier pricing valuation models taking into account the terms and conditions upon which the instruments were granted. Specific to the options issued including vesting period, exercise price, term to expiry. The volume weighted average price ('VWAP') performance conditions were incorporated into the valuation, where relevant, by means of probabilistic modelling techniques such as the barrier option pricing model. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

### *Revenue from contracts with customers involving sale of goods*

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the consolidated entity is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

### *Determination of variable consideration*

Judgement is exercised in estimating variable consideration which is determined having regard to past experience with respect to the goods returned to the consolidated entity where the customer maintains a right of return pursuant to the customer contract or where goods or services have a variable component. Revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

### *Provision for impairment of inventories*

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

### *Estimation of useful lives of assets*

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

### *Capitalising of product development costs*

Product development costs have been capitalised on the basis that: the project will be a success considering its commercial and technical feasibility; the entity's ability to use or sell the asset; the entity has sufficient resources and intent to complete the development; and that the costs can be measured reliably. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.



**Note 2. Critical accounting judgements, estimates and assumptions (continued)**

*Income tax*

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

**Note 3. Operating segments**

*Identification of reportable operating segments*

The consolidated entity is organised into three operating segments: medical, over the counter cannabidiol/Hemp ('OTC CBD/Hemp') and OTC Herbals. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments. The consolidated entity's operations and assets are principally located in Australia, United Kingdom, European Union and the United States of America.

The CODM reviews the performance of the consolidated entity by reviewing the growth in sales revenue and the profit or loss for the period. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on bi-monthly basis.

*Major customers*

There are 2 major customers (2020: 3 major customers) that account for more than 59% of the consolidated entity's revenue. The total amount of revenues from these customers was \$4,414,788 (split \$3,074,152 and \$1,340,636 respectively) and were from all three segments.

**Note 3. Operating segments (continued)**

*Operating segment information*

	Medical \$	OTC CBD/Hemp \$	OTC Herbals \$	Total \$
<b>Consolidated - 2021</b>				
<b>Revenue</b>				
Sale of goods	1,777,525	3,074,691	677,022	5,529,238
Other revenue	580,178	1,310,146	-	1,890,324
Interest revenue	6,649	6,649	6,648	19,946
Total segment revenue	2,364,352	4,391,486	683,670	7,439,508
<i>Unallocated revenue:</i>				
Other income				86,266
<b>Total revenue</b>				7,525,774
<b>Segment result</b>	(1,984,568)	(463,753)	(1,082,345)	(3,530,666)
Depreciation and amortisation	(44,409)	(44,409)	(44,408)	(133,226)
Impairment of assets	-	-	24,977	24,977
Share based payments	(195,730)	(195,730)	(195,730)	(587,190)
<b>Loss before income tax expense</b>	(2,224,707)	(703,892)	(1,297,506)	(4,226,105)
Income tax expense				-
<b>Loss after income tax expense</b>				(4,226,105)
<b>Assets</b>				
Segment assets	3,488,163	4,033,123	2,830,682	10,351,968
<b>Total assets</b>				10,351,968
<b>Liabilities</b>				
Segment liabilities	628,201	739,977	323,266	1,691,444
<b>Total liabilities</b>				1,691,444
<b>Consolidated - 2020</b>				
<b>Revenue</b>				
Sale of goods	835,507	3,799,237	439,072	5,073,816
Other revenue	851,456	-	-	851,456
Interest revenue	-	75,958	-	75,958
<b>Total revenue</b>	1,686,963	3,875,195	439,072	6,001,230
<b>Segment result</b>	(1,764,843)	(646,629)	(1,948,409)	(4,359,881)
Depreciation and amortisation	(22,238)	(22,238)	(22,238)	(66,714)
Impairment of assets	(122,546)	-	(269,999)	(392,545)
<b>Loss before income tax expense</b>	(1,909,627)	(668,867)	(2,240,646)	(4,819,140)
Income tax expense				-
<b>Loss after income tax expense</b>				(4,819,140)
<b>Assets</b>				
Segment assets	2,430,950	4,059,982	2,422,678	8,913,610
<b>Total assets</b>				8,913,610
<b>Liabilities</b>				
Segment liabilities	517,602	1,749,687	1,839,316	4,106,605
<b>Total liabilities</b>				4,106,605

**Note 3. Operating segments (continued)**

*Geographical information*

	Sales to external customers		Geographical non-current assets	
	2021	2020	2021	2020
	\$	\$	\$	\$
Australia	2,840,477	1,981,697	355,386	460,748
United Kingdom	820,680	2,581,464	12,985	-
European Union	1,645,001	-	-	16,463
United States of America	223,080	-	-	-
	<u>5,529,238</u>	<u>4,563,161</u>	<u>368,371</u>	<u>477,211</u>

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

**Note 4. Revenue from contracts with customers and other revenue**

	Consolidated	
	2021	2020
	\$	\$
<i>Revenue from contracts with customers</i>		
Sale of goods	5,529,238	4,563,161
Royalty	64,637	59,819
Research and development fee income (refer to note 15)	1,049,164	450,836
	<u>6,643,039</u>	<u>5,073,816</u>
<i>Other revenue</i>		
Other income	12,417	-
Research and development tax incentive	764,106	851,456
	<u>776,523</u>	<u>851,456</u>
Revenue from contracts with customers and other revenue	<u>7,419,562</u>	<u>5,925,272</u>

*Disaggregation of revenue*

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2021	2020
	\$	\$
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	5,593,875	4,622,980
Services transferred over time	1,049,164	450,836
	<u>6,643,039</u>	<u>5,073,816</u>

The disaggregation of revenue by major product lines and the geographical regions is presented in note 3 - operating segments.

**Note 5. Other income**

	Consolidated 2021 \$	2020 \$
Net foreign exchange gain	36,266	-
Government grants	50,000	50,000
Other income	<u>86,266</u>	<u>50,000</u>

*Government Grants*

During the year ended 30 June 2021 the consolidated entity received payments from the Australian Government amounting to \$50,000 (2020: \$50,000) as part of its 'Boosting Cash Flow for Employers' scheme in response to the Coronavirus ('COVID-19') pandemic. These non-tax amounts have been recognised as government grants and recognised as income once there is reasonable assurance that the consolidated entity will comply with any conditions attached.

**Note 6. Expenses**

	Consolidated 2021 \$	2020 \$
Loss before income tax includes the following specific expenses:		
<i>Cost of sales</i>		
Cost of sales	3,920,936	3,875,056
<i>Depreciation</i>		
Plant and equipment	18,514	18,394
<i>Amortisation</i>		
Patents and trademarks	31,137	26,897
Product development	83,575	21,423
Total amortisation	114,712	48,320
Total depreciation and amortisation	133,226	66,714
<i>Leases</i>		
Short-term lease payments	120,437	127,920
<i>Superannuation expense</i>		
Defined contribution superannuation expense	198,770	145,183
<i>Share-based payments expense</i>		
Share-based payments expense (note 17)	587,190	353,504

**Note 7. Income tax expense**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(4,226,105)	(4,819,140)
Tax at the statutory tax rate of 26% (2020: 27.5%)	(1,098,787)	(1,325,264)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Depreciation of property, plant and equipment	8,098	-
Non-deductible entertainment expenses	4,233	4,460
Share-based payments	152,669	196,669
Foreign exchange gains	(20,521)	-
Deductible entertainment expenses	-	(1,062)
Deductible payments	-	178
Employee leave provision	7,452	10,340
Research and development incentive	(198,668)	(234,150)
Research and development expenses	509,343	463,865
Non-deductible accrued expenses	20,809	38,073
Provision for stock obsolescence	(45,001)	63,392
Provision for trading terms	(36,729)	40,293
Government grants	(13,000)	-
Deduction of blackhole expenditure	(108,634)	(86,025)
Sundry items	(244)	-
Current year tax losses not recognised	(818,980)	(829,231)
Income tax expense	818,980	829,231
	-	-

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	15,262,835	11,952,456
Potential tax benefit @ 25% (2020: 26%)	3,815,709	3,107,639

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

**Note 8. Cash and cash equivalents**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Cash at bank and cash on hand	6,053,279	2,385,663
Cash on deposit	2,000,000	4,000,000
	8,053,279	6,385,663

**Note 9. Trade and other receivables**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Trade receivables	697,449	1,487,267
Other receivables	30,841	-
GST receivable	1,508	-
	<u>729,798</u>	<u>1,487,267</u>

The ageing of the trade receivables are as follows:

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Not overdue	409,850	1,067,552
1 to 3 months overdue	287,599	385,544
3 to 6 months overdue	-	34,171
	<u>697,449</u>	<u>1,487,267</u>

**Note 10. Inventories**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Finished goods - at cost	442,611	682,708
Less: Provision for impairment	<u>(35,031)</u>	<u>(208,113)</u>
	<u>407,580</u>	<u>474,595</u>

**Note 11. Other assets**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Prepayments - contract manufacturers	644,148	-
Prepayments - other	120,201	63,552
Security deposits	28,591	25,322
	<u>792,940</u>	<u>88,874</u>

**Note 12. Property, plant and equipment**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Plant and equipment - at cost	168,966	149,451
Less: Accumulated depreciation	(138,501)	(119,919)
	<u>30,465</u>	<u>29,532</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	<b>Plant and equipment</b>
	<b>\$</b>
Balance at 1 July 2019	52,431
Additions	21,233
Equipment written off as website development costs	(25,738)
Depreciation expense	(18,394)
	<u>29,532</u>
Balance at 30 June 2020	29,532
Additions	18,664
Exchange differences	783
Depreciation expense	(18,514)
	<u>30,465</u>
Balance at 30 June 2021	<u>30,465</u>

**Note 13. Intangibles**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Patents and trademarks - at cost	96,072	91,133
Less: Accumulated amortisation	(71,043)	(39,906)
	<u>25,029</u>	<u>51,227</u>
Product development	417,875	417,875
Less: Accumulated amortisation	(104,998)	(21,423)
	<u>312,877</u>	<u>396,452</u>
	<u>337,906</u>	<u>447,679</u>

**Note 13. Intangibles (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	Patents and trademarks \$	Product development \$	Total \$
Balance at 1 July 2019	56,612	-	56,612
Additions	21,512	417,875	439,387
Amortisation expense	(26,897)	(21,423)	(48,320)
Balance at 30 June 2020	51,227	396,452	447,679
Additions	4,939	-	4,939
Amortisation expense	(31,137)	(83,575)	(114,712)
Balance at 30 June 2021	<u>25,029</u>	<u>312,877</u>	<u>337,906</u>

Expenditure on the development of new products to be sold to H&H Global as part of the exclusive licence agreement have been capitalised. As per the accounting policy in note 1 these costs are amortised from the date that the product development is completed and the products are ready for sale. The development costs are assessed for indicators of impairment at least annually or more frequently if there are significant events or changes in circumstances that occur.

**Note 14. Trade and other payables**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Trade payables	738,538	2,021,588
GST payable	-	95,826
Other payables	69,677	58,508
	<u>808,215</u>	<u>2,175,922</u>

Refer to note 19 for further information on financial instruments.



**Note 15. Contract liabilities**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Research and development fee received in advance	-	765,000
Refund liabilities	7,413	148,677
Customer deposits	98,900	-
	<u>106,313</u>	<u>913,677</u>

<i>Non-current liabilities</i>		
Research and development fee received in advance	-	284,164
	<u>-</u>	<u>284,164</u>

*Reconciliation of research and development fee received in advance*

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

Opening balance	1,049,164	-
Payments received in advance	-	1,500,000
Transfer to revenue	(1,049,164)	(450,836)
Closing balance	<u>-</u>	<u>1,049,164</u>

Development fee income received in advance is expected to be recognised as revenue in future periods as follows:

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Within 12 months	-	765,000
After 12 months	-	284,164
	<u>-</u>	<u>1,049,164</u>

**Note 16. Issued capital**

	2021 Shares	Consolidated 2020 Shares	2021 \$	2020 \$
Ordinary shares - fully paid	<u>105,914,920</u>	<u>91,369,465</u>	<u>29,395,185</u>	<u>21,894,590</u>
<i>Movements in ordinary share capital</i>				
Details	Date	Shares	Issue price	\$
Balance	1 July 2019	69,390,000		14,665,696
Shares issued	22 July 2019	14,864,865	\$0.37	5,500,000
Exercise of options by management	5 August 2019	4,500,000	\$0.27	1,200,000
Exercise of options	23 September 2019	300,000	\$0.30	90,000
Exercise of options	11 November 2019	2,314,600	\$0.20	464,515
Less: share issue costs		-	\$0.00	(15,370)
Exercise of unquoted options		-	\$0.00	(10,251)
Balance	30 June 2020	91,369,465		21,894,590
Shares issued	18 December 2020	14,545,455	\$0.55	8,000,000
Less: share issue costs		-	\$0.00	(499,405)
Balance	30 June 2021	<u>105,914,920</u>		<u>29,395,185</u>

**Ordinary shares**

Ordinary shares entitle the holder to participate in dividends declared and any proceeds attributable to shareholders should the company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

**Share buy-back**

There is no current on-market share buy-back.

**Capital risk management**

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital risk management policy remains unchanged from the 2020 Annual Report.

## Note 17. Reserves

	Consolidated 2021 \$	2020 \$
Foreign currency reserve	(36,080)	(27,919)
Share-based payments reserve	3,185,675	2,598,485
	<u>3,149,595</u>	<u>2,570,566</u>

### *Foreign currency reserve*

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

### *Share-based payments reserve*

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

### *Movements in reserves*

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency \$	Share-based payments \$	Total \$
Balance at 1 July 2019	(5,125)	2,244,981	2,239,856
Foreign currency translation	(22,794)	-	(22,794)
Share-based payment expense	-	353,504	353,504
Balance at 30 June 2020	(27,919)	2,598,485	2,570,566
Foreign currency translation	(8,161)	-	(8,161)
Share-based payment expense	-	587,190	587,190
Balance at 30 June 2021	<u>(36,080)</u>	<u>3,185,675</u>	<u>3,149,595</u>

## Note 18. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

## Note 19. Financial instruments

### *Financial risk management objectives*

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity.

The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

**Note 19. Financial instruments (continued)**

**Market risk**

*Foreign currency risk*

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency.

The consolidated entity operated in Australia, United Kingdom, the European Union and the United States of America and is exposed to foreign currency exchange rate risk arising from foreign currency exposures to the British Pound, Euro, Swiss Franc and the US dollar.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Consolidated</b>				
US dollars	584,624	-	110,947	-
Euros	87,818	-	-	-
Pound Sterling	1,940,267	1,027,203	123,536	84,727
Swiss francs	179,306	53,034	19,082	128,896
	<u>2,792,015</u>	<u>1,080,237</u>	<u>253,565</u>	<u>213,623</u>

Consolidated - 2021	% change	AUD strengthened		% change	AUD weakened	
		Effect on loss before tax	Effect on equity		Effect on loss before tax	Effect on equity
US dollars	10%	(47,368)	(35,052)	10%	47,368	35,052
Euros	10%	(8,782)	(6,499)	10%	8,782	6,499
Pound Sterling	10%	(181,673)	(134,438)	10%	181,673	134,438
Swiss francs	10%	(16,022)	11,856	10%	16,022	(11,856)
		<u>(253,845)</u>	<u>(164,133)</u>		<u>253,845</u>	<u>164,133</u>

Consolidated - 2020	% change	AUD strengthened		% change	AUD weakened	
		Effect on loss before tax	Effect on equity		Effect on loss before tax	Effect on equity
Pound Sterling	10%	(94,248)	(68,330)	10%	94,248	68,330
Swiss Franc	10%	(7,586)	(5,500)	10%	7,586	5,500
		<u>(101,834)</u>	<u>(73,830)</u>		<u>101,834</u>	<u>73,830</u>

*Price risk*

The consolidated entity is not exposed to any significant price risk.

*Interest rate risk*

The consolidated entity has limited exposure to interest rate risk as there are no external loans. The consolidated entity has term deposits but as the interest rates are fixed during a term deposit period, there is limited exposure to movement in interest rates.

**Note 19. Financial instruments (continued)**

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

**Liquidity risk**

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

**Remaining contractual maturities**

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Consolidated - 2021</b>						
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	738,538	-	-	-	738,538
Other payables	-	69,677	-	-	-	69,677
Total non-derivatives		808,215	-	-	-	808,215
<b>Consolidated - 2020</b>						
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	2,021,588	-	-	-	2,021,588
Other payables	-	154,334	-	-	-	154,334
Total non-derivatives		2,175,922	-	-	-	2,175,922

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

**Fair value of financial instruments**

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

**Note 20. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by Nexia Sydney Audit Pty Ltd, the auditor of the company, and its network firms:

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services - Nexia Sydney Audit Pty Ltd</i>		
Audit or review of the financial statements	59,229	66,207
<i>Other services - Nexia Sydney Tax Advisory Pty Ltd</i>		
Other non-assurance services	26,718	20,464
	<u>85,947</u>	<u>86,671</u>
<i>Audit services - Other (Bod SAGL)</i>		
Audit or review of the financial statements	4,729	5,000

**Note 21. Contingent assets and liabilities**

There were no contingent assets or contingent liabilities as at 30 June 2021 and 30 June 2020.

**Note 22. Commitments**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Participation in Project Twenty21 medicinal cannabis project:</b>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	179,535	206,465
One to five years	-	179,535
	<u>179,535</u>	<u>386,000</u>

The commitment relates to participation in a global medicinal project with four other large companies. The commitment is payable in British pounds and the total amount if converted at the spot rate on 30 June 2021 is GBP £100,000.

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Short-term lease commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	44,502	26,700

The company leases premises on a month to month basis cancellable with 3 months' notice.

## **Note 23. Key management personnel disclosures**

### *Compensation*

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	985,048	950,187
Post-employment benefits	83,501	69,692
Share-based payments	587,190	481,363
	<u>1,655,739</u>	<u>1,501,242</u>

## **Note 24. Related party transactions**

### *Parent entity*

BOD Australia Limited is the parent entity.

### *Subsidiaries*

Interests in subsidiaries are set out in note 26.

### *Key management personnel*

Disclosures relating to key management personnel are set out in note 23 and the remuneration report included in the directors' report.

### *Transactions with related parties*

There were no transactions with related parties during the current and previous financial year.

### *Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

### *Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

## **Note 25. Parent entity information**

Set out below is the supplementary information about the parent entity.

### *Statement of profit or loss and other comprehensive income*

	<b>Parent</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax	(6,312,233)	(4,971,780)
Total comprehensive income	<u>(6,312,233)</u>	<u>(4,971,780)</u>



**Note 25. Parent entity information (continued)**

*Statement of financial position*

	<b>Parent</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Total current assets	7,832,588	8,350,629
Total assets	8,266,090	8,882,028
Total current liabilities	1,529,458	3,636,784
Total liabilities	1,529,458	3,920,948
Equity		
Issued capital	29,395,185	21,894,590
Share-based payments reserve	3,185,675	2,598,485
Accumulated losses	(25,844,228)	(19,531,995)
Total equity	6,736,632	4,961,080

*Guarantees entered into by the parent entity in relation to the debts of its subsidiary*

The parent entity had no guarantees in relation to the debts of its subsidiary as at 30 June 2021 and 30 June 2020.

*Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the investment in subsidiary that is accounted for at cost, less any impairment, in the parent entity.

**Note 26. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

<b>Name</b>	<b>Principal place of business / Country of incorporation</b>	<b>Ownership interest</b>	
		<b>2021</b>	<b>2020</b>
		<b>%</b>	<b>%</b>
BOD SAGL - Lugano	Switzerland	100%	100%
Bod Healthcare Ltd *	United Kingdom	100%	100%
Bod Healthcare, Inc **	United States of America	100%	-

\* Incorporated on 27 March 2020.

\*\* Incorporated on 9 October 2020.

**Note 27. Reconciliation of loss after income tax to net cash used in operating activities**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax expense for the year	(4,226,105)	(4,819,140)
Adjustments for:		
Depreciation and amortisation	133,226	66,714
Write off of property, plant and equipment	-	8,526
Share-based payments	587,190	353,504
Foreign exchange differences	(8,944)	(23,839)
Exercise of unquoted options	-	10,251
Write off of inventories	-	392,545
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	757,469	(1,404,670)
Decrease/(increase) in inventories	67,015	(503,417)
Decrease/(increase) in prepayments	(700,797)	7,572
Increase/(decrease) in trade and other payables	(1,421,578)	1,616,208
Increase in other provisions	28,661	17,734
Increase/(decrease) in unearned income balances	(1,049,164)	1,049,164
Net cash used in operating activities	<u>(5,833,027)</u>	<u>(3,228,848)</u>

**Note 28. Earnings per share**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the owners of BOD Australia Limited	<u>(4,226,105)</u>	<u>(4,819,140)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>99,140,324</u>	<u>89,176,285</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>99,140,324</u>	<u>89,176,285</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(4.26)	(5.40)
Diluted earnings per share	(4.26)	(5.40)

As at the reporting date, the consolidated entity had 9,310,224 (2020: 8,995,120) options over ordinary shares (including escrowed and future vesting) and in the money that could potentially dilute basic earnings per share in the future, but were excluded from the calculation of diluted earnings per share because they were anti-dilutive.

**Note 29. Share-based payments**

The following share-based payment arrangements were outstanding during the year:

2021							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
17/11/2017	17/11/2020	\$0.20	300,000	-	-	(300,000)	-
17/11/2017	17/11/2020	\$0.25	500,000	-	-	(500,000)	-
17/11/2017	17/11/2020	\$0.30	200,000	-	-	(200,000)	-
24/07/2018	30/06/2022	\$0.50	550,000	-	-	-	550,000
24/07/2018	30/06/2023	\$0.50	750,000	-	-	-	750,000
24/07/2018	30/06/2024	\$0.50	1,000,000	-	-	-	1,000,000
26/11/2018	26/11/2021	\$0.50	550,000	-	-	-	550,000
26/11/2018	*	\$0.50	798,373	-	-	-	798,373
26/11/2018	*	\$0.50	798,373	-	-	-	798,373
26/11/2018	*	\$0.50	798,374	-	-	-	798,374
09/12/2019	09/12/2022	\$0.47	2,750,000	-	-	-	2,750,000
18/12/2020	18/12/2023	\$0.75	-	500,000	-	-	500,000
18/12/2020	18/12/2025	\$0.00	-	529,084	-	(121,532)	407,552
18/12/2020	18/12/2025	\$0.00	-	529,084	-	(121,532)	407,552
			8,995,120	1,558,168	-	(1,243,064)	9,310,224
Weighted average exercise price			\$0.50	\$0.75	\$0.00	\$0.25	\$0.55

\* These options do not have a fixed expiry date and will expire 3 years after vesting date which is determined by reference to the achievement of specified VWAP conditions.

2020							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
22/01/2016	22/01/2019	\$0.30	750,000	-	(6,500)	(743,500)	-
22/01/2016	22/01/2019	\$0.35	750,000	-	(6,500)	(743,500)	-
03/08/2016	03/08/2019	\$0.20	1,500,000	-	(1,500,000)	-	-
03/08/2016	03/08/2019	\$0.25	1,000,000	-	(1,000,000)	-	-
03/08/2016	03/08/2019	\$0.30	1,000,000	-	(1,000,000)	-	-
03/08/2016	03/08/2019	\$0.35	1,000,000	-	(1,000,000)	-	-
27/10/2016	27/10/2019	\$0.20	2,651,600	-	(2,401,600)	(250,000)	-
27/10/2016	27/10/2019	\$0.30	100,000	-	(100,000)	-	-
27/10/2016	27/10/2019	\$0.35	100,000	-	(100,000)	-	-
17/11/2017	17/11/2020	\$0.20	300,000	-	-	-	300,000
17/11/2017	17/11/2020	\$0.25	500,000	-	-	-	500,000
17/11/2017	17/11/2020	\$0.30	200,000	-	-	-	200,000
27/12/2017	27/12/2019	\$0.40	750,000	-	-	(750,000)	-
27/12/2017	27/12/2019	\$0.48	750,000	-	-	(750,000)	-
24/07/2018	30/06/2022	\$0.50	550,000	-	-	-	550,000
24/07/2018	30/06/2023	\$0.50	750,000	-	-	-	750,000
24/07/2018	30/06/2024	\$0.50	1,000,000	-	-	-	1,000,000
26/11/2018	26/11/2021	\$0.50	550,000	-	-	-	550,000
26/11/2018	26/11/2021	\$0.50	750,000	-	-	(750,000)	-
26/11/2018	26/11/2021	\$0.50	1,000,000	-	-	(1,000,000)	-
26/11/2018	*	\$0.50	798,373	-	-	-	798,373
26/11/2018	*	\$0.50	798,373	-	-	-	798,373
26/11/2018	*	\$0.50	798,374	-	-	-	798,374
09/12/2019	09/12/2022	\$0.47	-	2,750,000	-	-	2,750,000
			18,346,720	2,750,000	(7,114,600)	(4,987,000)	8,995,120

**Note 29. Share-based payments (continued)**

Weighted average exercise price	\$0.38	\$0.47	\$0.25	\$0.41	\$0.50
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\* These options do not have a fixed expiry date and will expire 3 years after vesting date which is determined by reference to the achievement of specified VWAP conditions.

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2021 Number	2020 Number
17/11/2017	17/11/2020	-	1,000,000
09/12/2019	09/12/2022	2,750,000	-
		<u>2,750,000</u>	<u>1,000,000</u>

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.93 years (2020: 2.49 years).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
18/12/2020	18/12/2023	\$0.47	\$0.75	111.00%	-	0.11%	\$0.2736
18/12/2020	18/12/2025	\$0.47	\$0.00	111.00%	-	0.11%	\$0.3969
18/12/2020	18/12/2025	\$0.47	\$0.00	111.00%	-	0.11%	\$0.3952

**Note 30. Events after the reporting period**

The consequences of the Coronavirus (COVID-19) pandemic are continuing to be felt around the world, and its impact on the consolidated entity, if any, has been reflected in its published results to date. Whilst it would appear that control measures and related government policies, including the roll out of the vaccine, have started to mitigate the risks caused by COVID-19, it is not possible at this time to state that the pandemic will not subsequently impact the consolidated entity's operations going forward. The consolidated entity now has experience in the swift implementation of business continuation processes should future lockdowns of the population occur, and these processes continue to evolve to minimise any operational disruption. Management continues to monitor the situation both locally and internationally.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Joanne Patterson  
Director and Chief Executive Officer

20 August 2021  
Sydney

## **Independent Auditor's Report to the Members of Bod Australia Limited**

### **Report on the Audit of the Financial Report**

#### **Opinion**

We have audited the financial report of Bod Australia Limited (the Company and its subsidiaries (the consolidated entity)), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the consolidated entity is in accordance with the Corporations Act 2001, including:

- i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### **Basis for opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the 'auditor's responsibilities for the audit of the financial report' section of our report. We are independent of the consolidated entity in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue Recognition</b></p> <p>Refer to notes 1, 2 and 4.</p> <p>Revenue is an important measure by which the performance of the Group is assessed. It is a significant balance in the Group's statement of comprehensive income, and is a key driver of the Group's profitability.</p> <p>There is a risk that revenue has not been recognised in accordance with AASB 15: <i>Revenue from Contracts with Customers</i>.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"><li>- Analysed the movement in revenue accounts to the prior year as well as performing detailed analysis on monthly sales and relationship with COGS.</li><li>- Assessed the implementation and design of relevant internal controls in relation to revenue transactions by documenting the material revenue transactions cycles, identifying the related contractual performance obligations arising under AASB 15, and performed walkthroughs on a sample of revenue transactions.</li><li>- We performed substantive testing by agreeing a sample of revenue transactions to their source, initiating and delivery documentation to verify their occurrence and accuracy and that the recognition of revenue is in accordance with AASB 15.</li><li>- We have tested revenue transactions in the period around the year-end (cut-off) to ensure revenue was recognised within the correct period.</li><li>- We analysed claims and sales returns during the year and subsequent to year end to assess the accuracy of revenue recognised.</li></ul>

### Other information

The directors are responsible for the other information. The other information comprises the information in Bod Australia Limited's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.



### **Directors' responsibility for the financial report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibility for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: [www.auasb.gov.au/admin/file/content102/c3/ar2\\_2020.pdf](http://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf). This description forms part of our auditor's report.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 12 of the directors' Report for the year ended 30 June 2021.


In our opinion, the Remuneration Report of Bod Australia Limited for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



**Nexia Sydney Audit Pty Ltd**



**Joseph Santangelo**  
Director

Dated: 20 August 2021