

## Half Year Activities Report: Work to scale up clinical trial initiatives and product development well progressed

- Total revenue of \$3,443,634, a 4% rise on the prior corresponding period ("PCP") (H1 FY2021: \$3,309,639)
- Medicinal cannabis product sales increased 20% on the PCP to \$817,589
- Increase in medicinal cannabis product dispatch during H1FY2022 expected to underpin increased sales over the coming months
- Board and management strengthened through appointments of Adrian Sturrock as Chief Financial Officer and Hanno Cappon as Non-Executive Director
- Agreement secured with Australia's leading respiratory and sleep institute, the Woolcock Institute for Schedule 3 clinical trial testing the efficacy of Bod's unique CBD formulation
- Development initiatives continued to progress clinical trials leading to regulatory and ethics approval
- Lodgement of patent application with IP Australia broadens Bod's IP portfolio – application for a novel family of proteins in human cells that can provide antioxidant protective effects when applied to skin cells
- Cash balance of \$4.9m leaves Bod in a strong position to continue to execute growth initiatives

**Sydney, Australia – 25 February 2022:** Medicinal cannabis and hemp healthcare products company Bod Australia Limited ("Bod" or "the Group") (ASX: BOD) provides the following overview of the Group's operational and financial progress for the six-month period ended 31 December 2021 ("H1 FY2022").

### Corporate developments:

#### **Financial overview:**

Total revenue for the half was \$3,443,634, a 4% rise on the prior corresponding period ("PCP") (H1 FY2021: \$3,309,639).

Growth in revenue was attributed to the ongoing sale of medicinal cannabis products in the UK and Australia. During the half, revenue from sales of MediCabilis® contributed \$817,589, a 20% uplift on the PCP (H1 FY2021: \$679,894). The Group expects sales to increase in the coming half and has shipped 5,787 product units to customers, a 47% increase on the PCP (H1 FY2021: 3,941 product units), to satisfy increased market demand.

Sales of CBD and hemp products to global partner Health and Happiness Group Limited ("H&H", HKSE: 1112) contributed \$687,667 in revenue. This is a decrease on the PCP (H1 FY2021: \$1,262,671) and was primarily due to issues associated with product manufacturing referred to below. Further, both market entries and reoccurring sales have been slower than expected. Bod continues to work with H&H on international expansion opportunities and sales growth initiatives.

The Company's non-CBD, over-the-counter, legacy health and beauty products generated \$325,201 in sales, which is a reduction of the PCP (H1 FY2021: \$415,222) and reflects Bod's ongoing focus on growing both its medicinal cannabis and CBD and wellness divisions. Sales decreased due to the impact of COVID-19 on our retail customers for the product ranges, as well as some products being sold at a discount due to shelf life restrictions. The division was also impacted by stock availability, which has been rectified subsequent to the end of the half.

Total revenue generated for the half also included \$1,337,583 in R&D tax incentives (H1 FY2021: \$764,106), reflecting the increasing level of R&D activities.

The Group's loss from ordinary activities was \$2,169,856 (H1 FY2021: \$1,290,230). Bod's increased loss is attributed to additional research and development costs of \$496,829, mainly relating to the planned Schedule 3 clinical trial,

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and higher employee costs due to the annualisation impact of roles added during FY2021. In addition, raw materials and consumables used includes a one-off cost of \$519,000 due to manufacturing issues associated with the Company's CBD wellness products, which were for sale in Italy. Bod has commenced steps to resolve this issue with its contract manufacturer and customer and expects to recover these costs in the coming months.

Bod held \$4,886,766 in cash and cash equivalents at the end of the half. This, alongside the pending receipt in the third quarter of the current R&D tax incentive receivable of \$1,152,520, provides the Group with significant financial flexibility to progress its clinical trial initiatives and international expansion opportunities across its medicinal cannabis and CBD and wellness product suite.

**Change of ASX code:**

During the period, Bod registered a change of code with the Australian Securities Exchange ("ASX") and now trades under the ASX ticker BOD. This was effective from the commencement of trading on Monday, 18 October 2021.

**Strengthened Board and management:**

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

Bod appointed Mr Hanno Cappon as Non-Executive Director following the retirement of Mr Patrice Malard as a Non-Executive Director. Mr Cappon, who holds the role of Chief Technology Officer at H&H, a position which he has held since January 2021, now acts as a representative of NewH2 and H&H. He has an extensive background in chemistry, life sciences, nutrition and health innovation and developing new consumer and healthcare solutions for commercialisation.

**Operational overview:**

Bod made significant progress on its growth initiatives to increase sales and product uptake and advance several of its pending clinical trials. The Group also took steps to broaden its IP portfolio with a range of new products now under development

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

The lodgement of a provisional patent application for a novel family of proteins in human cells that can provide antioxidant protective effects when applied to skin cells broadened Bod's intellectual property portfolio during the period.

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

The application covers Bod's novel family of proteins developed in collaboration with the University of Technology of Sydney ("UTS") which provide antioxidant protective effects when applied to cells and can be used topically.

Bod hold the global rights to the delivery method, which it will commercialise or potentially licence to large scale pharmaceutical companies. Bod and UTS are exploring the further potential to utilise the protein as a delivery method alongside CBD and hemp extracts, as well as other cannabis compounds.

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

Bod entered into an agreement with the Woolcock Institute to undertake a phase IIB clinical trial for the development of a new CBD product. The clinical trial will test the efficacy of its unique low dose CBD product on symptoms associated with insomnia. It is expected to provide Bod with sufficient data to commence product registration for a Schedule 3 low dose CBD product with the Therapeutic Goods Administration ("TGA") and for the product to be included on the Australian Register of Therapeutic Goods ("ARTG").

Developed in line with TGA requirements, the proposed product will be available over-the-counter to Australian

consumers without a prescription as a Schedule 3 (Pharmacist Only) medicine, as well as into international markets. A successful clinical trial will provide Bod with one of the first low dose CBD products in market. This unlocks another potential sales channel and may significantly increase domestic sales, underpinning revenue growth.

Subsequent to the end of the period, Bod was granted ethics approval from Bellberry Limited (refer ASX announcement: 24 January 2022), allowing it to commence participant recruitment for the study. Bod will continue to provide updates as patient recruitment is finalised.

**Collaboration agreement with Drug Science to explore medicinal cannabis efficacy on long-COVID:**

During the half, Bod progressed a number of initiatives that would allow it to gain various regulatory approvals to commence clinical trials testing the effectiveness of its medicinal cannabis product, MediCabilis® 5% (“MediCabilis®”) on symptoms associated with the long term impact of SARS-CoV-2 (“COVID-19”), commonly referred to as long-COVID (refer ASX announcement: 17 January 2022).

Alongside UK-based partner, Drug Science UK (“Drug Science”) work continued to finalise clinical trial protocols, design and gain ethics approval for the study. Subsequent to the end of the period, Bod was granted Clinical Trial Authorisation (“CTA”) with the United Kingdom’s Medicines & Healthcare Products Regulatory Agency (“MHRA”) to commence the open label clinical trial

Bod and Drug Science aim to recruit up to 30 participants over the age of 18 that are suffering from long-COVID. Participants will be administered Bod’s medicinal cannabis product on a daily basis over six months. The trial will add to the growing body of evidence for the use of medicinal cannabis and provide insight into the potential use of MediCabilis® as a treatment against long-COVID, opening up an avenue for Bod to embark on the commercialisation of a product which can be used to treat the condition.

**Management commentary:**

**CEO Jo Patterson said:** *“The progress made during the half year period has laid the foundation for the Group to scale up product development and clinical trial initiatives heading into the second half of FY2022. Work surrounding the commencement of our two clinical trials is well progressed with the commercialisation of the planned products resulting in a range of innovative products with global application coming to market.*

*“Treatments to alleviate the problems brought on by both long-COVID and insomnia highlight the broad range of illnesses that our products can help. We anticipate that the results from the two clinical trials will provide us with successful results leading to commercialisation opportunities for both products.”*

**This release has been approved by the Board of Bod Australia Limited.**

**-ENDS-**

**About Bod Australia:**

Bod Australia Limited (ASX:BOD) Bod is a cannabis centric healthcare company.

With a global focus and a mission to innovate and transform the way we live and enjoy life.

Delivering premium, proven and trusted products for both the consumer markets and medicalmarkets.

Leading the way in research and development, through collaborations with research partners on clinical trial programs.

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

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