bod australia

ANNUAL REPORT 2020

ABN 89 601 225 441

CORPORATE DIRECTORY

Bod Australia Limited

Directors

Mark Masteron
George Livery
Joanne Patterson
Simon O'Loughlin
Akash Bedi
Patrice Malard

Company secretary

Stephen Kelly

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

Share register

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Auditor

Nexia Sydney Audit Pty Limited
Level 16, 1 Market Street
Sydney NSW 2000

Stock exchange listing

Bod Australia Limited shares are listed on the Australian Securities Exchange (ASX code: BDA)

Corporate Governance Statement

Refer to Company website:
https://bodaustralia.com

CONTENTS

“BOD REMAINS VERY WELL POSITIONED TO CONTINUE ITS GROWTH TRAJECTORY. MEDICINAL CANNABIS, CBD AND HEMP PRODUCTS CONTINUE TO GAIN BROADER TRACTION AND RECENT REGULATORY CHANGES IN AUSTRALIA ARE EVIDENCE OF THIS.”

CHAIRMAN'S REPORT

Dear fellow shareholders,

I am delighted to present Bod Australia's Annual Report and financial statements for the year ending 30 June 2020 (FY2020).

During the period, Board and management continued to work diligently to unlock a number of value accretive opportunities, allowing Bod to further establish itself as a leading Australian and internationally recognised cannabis focused healthcare company.

These initiatives included a strategic agreement with a respected and international healthcare products company and the optimisation of its leadership team, allowing the Company ample runway to grow and establish a global footprint with international sales channels.

In a game-changing development for FY2020, the Company secured a $5.5m investment from NewH2 Limited, the innovation arm of healthcare products conglomerate, Health & Happiness Group Limited (H&H Group, HKSE: 1112). This partnership also included a $1.5m upfront payment for the exclusive global rights to licence and commercialise Bod's CBD and hemp products for relevant markets.

Bod emerged from this with two distinct business verticals; a medical cannabis division, and a consumer focused CBD and hemp products division.

Further, H&H Group became the Company's largest shareholder with ~17% stake in the Company. The agreement left Bod with a solid balance sheet and well positioned to pursue a number of opportunities. These include its international expansion into United Kingdom, and new product launches under H&H consumer brands.

During the second half of FY2020, Bod and the market more broadly was faced with a number of challenges brought on by the effects of COVID-19. The Company acted swiftly to develop workplace safety strategies, designed to ensure the wellbeing of staff and quickly progressed other operational contingencies to ensure the pandemic had a neutral effect on operations.

Pleasingly, Bod's MediCabilis™ and CBD-based products are gaining continuous uptake amongst consumers and patients with many more recognising the unique benefits that our products deliver to help manage a broad range of chronic conditions. We anticipate that product uptake will continue well into the current period and beyond.

Bod also optimised its Board and welcomed a number of new key executives. Following the strategic investment and agreement with H&H, Bod appointed both Mr Patrice Malard and Mr Akash Bedi as Non-Executive Directors and representatives of H&H, who along with myself, commenced our tenure following the Company's Annual General Meeting in November.

Following these appointments, Mr George Livery moved to a Non-Executive Director role and both Mr Stephen Thompson and Mr Simon Taylor resigned from the Board allowing Bod to streamline its Non-Executive team. I would like to take this opportunity to thank both Mr Thompson and Mr Taylor for their guidance and solid commitment to the Company. We wish them all the best for their future endeavours.

Bod remains very well positioned to continue its growth trajectory. Medicinal cannabis, CBD and hemp products continue to gain broader traction and recent regulatory changes in Australia are evidence of this. The Board and management team have a number of growth opportunities planned over the remainder of the current financial year and we look forward to crystallising further value for our shareholders.

I would like to take this opportunity to commend our Chief Executive Officer Jo Patterson and her executive team, as well as our shareholders for their ongoing support. We look forward to continuing this successful journey with you.

Mark Masterson
Non-Executive Chairman

CEO'S REPORT

Dear shareholders,

The financial year ending 30 June 2020 was a period focused on execution and has been a turning point for Bod Australia. The Company progressed a number of strategic partnerships, delivered product launches, R&D programmes and international expansion which set a strong base for Bod to grow well into the future.

Most importantly, Bod secured an investment and an exclusive licencing agreement from the innovation division of international healthcare consumer products company, Heath & Happiness Group Limited. This allowed Bod to further establish and grow its two distinct operating verticals.

Following the agreement with H&H Group, Bod progressed a series of product launches domestically and internationally. The first of these was the launch of the CBII brand in the United Kingdom. Bod and H&H Group initially launched a range of oil products, followed by soft gel caps aimed at UK consumers sold through ecommerce channels. Sales of CBII have been pleasing and the Company anticipates that this will continue particularly as brand recognition grows.

On the domestic front, Bod and H&H Group launched nine new hemp seed-based products under the internationally recognised Swisse Wellness brand. The range included various skincare products, as well as soft gel caps containing hemp seed oil.

These products are now being sold in leading Australian retail outlets including Chemist Warehouse, Priceline Pharmacy and Coles and have directly assisted with Bod's goal of bringing CBD and hemp products more into the mainstream.

The Company's medicinal cannabis business continued to grow, continuing an upward trajectory in MediCabilis™ sales.

The majority of these sales were from product uptake in Australia. Bod has also broadened its medicinal cannabis product range, following the receipt of a licence from the Office of Drug Control which allowed for the import and sale of a higher and a lower strength CBD isolate.

Growth in medicinal cannabis operations was also underpinned by the Company's entry into the UK market. This was achieved through our agreement with leading special medicines manufacturer and distributor PCCA Ltd. This agreement is pivotal, as it ensures Bod's products can be sold in the UK without any regulatory hurdles.

In another strategic step, Bod became one of the five cannabis companies and the only ASX-listed company to take part in Project Twenty21. Project Twenty21 is Europe's largest medicinal cannabis registry and provides Bod with access to 20,000 patients suffering form chronic conditions. Bod is aiming to treat a minimum of 1,000 patients during the trial, and believes the initiative will be instrumental in establishing MediCabilis™ as a leading form of treatment with the UK medical community.

The Company continued its commitment to R&D in FY2020, entering into research initiatives with two of Australia's leading universities.

In collaboration with the University of South Australia (UniSA), Bod and the group's leading researchers have been progressing further analysis on the MediCabilis™ product suite and its effect on patients suffering from chronic conditions including pain, anxiety and insomnia. We anticipate that this research will assist Bod in its educational initiatives in the Australian and international medical communities.

Under the Company's partnership with the University of Technology Sydney (UTS), both parties have successfully discovered a novel family of proteins in skin ceils that help guard against the skin ageing process. This provides Bod with considerable optionality in terms of product development, which the Company will continue to pursue in a push to unlock additional value for shareholders.

Echoing the comments of the Chairman, I am confident that Bod is well placed for FY2021 and beyond. We have laid a strong foundation for growth upon which we will continue to build as this current year unfolds.

I would like to take this opportunity to thank our loyal shareholders, the Board, the executive management team and our commercial partners.

Jo Patterson
Chief Executive Officer

"THE FINANCIAL YEAR ENDING 30 JUNE 2020 WAS A PERIOD FOCUSED ON EXECUTION AND HAS BEEN A TURNING POINT FOR BOD AUSTRALIA. THE COMPANY PROGRESSED A NUMBER OF STRATEGIC PARTNERSHIPS, DELIVERED PRODUCT LAUNCHES, R&D PROGRAMMES AND INTERNATIONAL EXPANSION WHICH SET A STRONG BASE FOR BOD TO GROW WELL INTO THE FUTURE."

REVIEW OF OPERATIONS

FY2020 was a transformational period for Bod. The Company progressed several strategic agreements, partnerships, product launches and R&D initiatives which led to domestic and international expansion and the delivery on considerable shareholder value.

STRATEGIC INVESTMENT AND AGREEMENT FROM NEWH2 AND HEALTH AND HAPPINESS GROUP LIMITED

In a major milestone, Bod received an investment for NewH2 Limited ("NewH2"), the innovation arm of Health & Happiness Group Limited (H&H Group, HKSE: 1112), and entered into an exclusive global licence agreement to commercialise Bod's consumer CBD and hemp products for relevant markets.

Under the agreement, NewH2 took a 17.64% stake in Bod for an investment of $5.5m. The agreement also included an upfront cash payment of $1.5m for investment in research, with funds to be deployed towards CBD and hemp product development initiatives.

H&H Group is a global leader in premium quality adult and baby nutrition and care products. The group have a global footprint and have a track record of scaling business internationally. It is also the parent Company of Swisse Wellness Vitamins.

H&H Group now have the exclusive right to commercialise Bod's consumer CBD and Hemp products covering ingestibles, skincare, and lifestyle products. H&H Group will sell, promote, market and distribute these products under new and existing brands.

Bod receives a royalty on net sales as part of the transaction, as well as a cost plus margin for the supply of finished formulas and extracts. Both parties have also entered into a joint development agreement for further product development initiatives.

TWO NON-EXECUTIVE DIRECTORS APPOINTED FOLLOWING NEWH2 INVESTMENT

As part of the Company's agreement with H&H Group, it appointed two new Non-Executive Directors, Mr Patrice Malard and Mr Akash Bedi.

Patrice Malard
Non-Executive Director

Akash Bedi
Non-Executive Director

Mr Bedi is Chief Strategy & Operations Officer at H&H Group. He is based in Hong Kong and leads the Group's strategy, business development, M&A activity and strategic investments for NewH2. He has extensive experience in investing in start-ups globally, and high growth companies and businesses that are of strategic importance to H&H Group.

Mr Malard is Chief Technology Officer of H&H Group, General Manager of the H&H Technical Centre and the Chairman of H&H's BINC foundation. He has had a storied career spanning nearly four decades and has held several senior roles with international agriculture and food focused companies.

The appointments bring additional technical and strategic experience to the Board, as well as established global relationships and invaluable product commercialisation knowledge.

AGREEMENT WITH PCCA LTD UNLOCKS THE UNITED KINGDOM

Bod signed a Heads of Agreement with UK Specials medicines manufacturer PCCA Ltd ("PCCA") to import and distribute Bod's pharmaceutical grade medicinal cannabis products, MediCabilis™, throughout the UK.

PCCA produce a wide range of unlicensed or special medicines and distributes them to a broad network of hospitals, pharmacies and clinicians across the UK and Ireland.

In addition to manufacturing and operational expertise, PCCA hold multiple licences including MHRA Specials Manufacturing, Human (MS) and Veterinary (ManSa), Home Office Controlled drugs schedule 2-5 and Wholesale Dealers Authorisation (WDA(H). These licences and this partnership has ensured Bod's products can be safely imported into the UK and distribute throughout the region with no regulatory issues.

Further, the agreement provides Bod with access to PCCA's extensive network of medical specialists and physicians through its Medicinal Cannabis Education Program, which allows UK consumers better access to Bod's MediCabilis™ products.

$1.2M RAISED THROUGH BOARD AND MANAGEMENT OPTIONS EXERCISE

Bod strengthened its cash position following the exercise of 4.5m options held by its Board and Management.

The exercise of options resulted in an increase of 2.6m shares held by management with CEO Jo Patterson, COO Craig Weller and Non-Executive Directors increasing Simon Taylor and Simon O'Loughlin increasing their respective holdings in the Company. All new shares are subject to a 12-month escrow period.

COLLABORATION WITH UTS UNCOVERS A NOVEL DELIVERY SYSTEM TO COMBAT SKIN AGING

Bod, in collaboration with the University of Technology Sydney ("UTS") has found a potential new solution to help guard against the skin aging process.

Following a three-year research collaboration commissioned by the Company, Bod and UTS scientists discovered a novel family of proteins found in human cells that provide antioxidant protective effects when applied to cells, which can be used topically.

These proteins were found to be instrumental in protecting cells and helping to increase both tolerance and recovery to UV light, along with other sources of oxidative damage when overexpressed in mammalian cells. Additional experiments have shown increased levels of antioxidant activity and cellular growth and metabolism, further the proteins protective effects.

These findings have allowed Bod to pursue the opportunity of developing a patent-protected, anti-aging topical application and delivery system. Bod will hold the global rights to the deliver method, which it aims to commercialise or licence. Bod and UTS continue to explore the potential to utilise the protein as a delivery method for hemp and CBD extracts, a well as other cannabis compounds.

REVIEW OF OPERATIONS - CONTINUED

LEADING PHARMACEUTICAL EXECUTIVE APPOINTED AS NON-EXECUTIVE CHAIRMAN

Bod considerably strengthened its Board with the appointment of Mr Mark Masterson. Mr Masterson boasts an extensive career in the pharmaceutical and healthcare sectors. His began his career with Johnson & Johnson after graduating with a Bachelor's Degree in commerce from Rhodes University.

Following his time with Johnson & Johnson, Mr Masterson joined global healthcare giant, Abbott Laboratories (NYSE: ABT, market capitalisation: ~US$197Bn). During his time at Abbott Laboratories, Mr Masterson held several global leadership positions across the USA, Europe, Asia and Australia. He was subsequently promoted to Vice President of Commercial Operations in Asia and as a Corporate Officer for the Group.

Following his role at Abbott Laboratories, Mr Masterson undertook the CEO role with Australia's largest private diagnostic imaging network, I-MED. Following the sale of I-MED, Mr Masterson was appointed Chairman of Medicines Australia – the leading representative body for discovery-driven pharmaceutical companies in Australia.

Mr Masterson commenced as Non-Executive Chairman following the receipt of shareholder approval, sought at Bod's Annual General Meeting. The Company also advised that both Mr Malard and Mr Bedi were appointed as Non-Executive Directors and Mr George Livery moved to a Non-Executive Director role.

Further, previous Non-Executive Directors Mr Stephen Thompson and Mr Simon Taylor retired from the Board of Directors. The Board thanks Mr Thompson and Mr Taylor for their guidance and leadership, and wishes them well with future endeavours.

BOD TO TAKE PART IN EUROPE'S LARGEST MEDICINAL CANNABIS REGISTRY, PROJECT TWENTY21

In a major development, Bod advised that it would be one of five companies participating in Project Twenty21. Project Twenty21 is a UK based study aiming to enrol 20,000 patients suffering from conditions including chronic pain, Epilepsy, Post Traumatic Stress Disorder (PTSD), anxiety disorders and individuals dealing with harm of substance abuse by the end of 2021 to create the largest body of evidence for the efficacy of medicinal cannabis.

The aim of Project Twenty21 is to utilise collated data to convince policy makers that medicinal cannabis should be made more readily available, and affordable, for UK patients who would benefit from it. The project will assist prescribers operating in the region and advance the potential for NHS funding.

Bod is the only ASX-listed company participating in the study and aims to treat a minimum of 1,000 patients with MediCabilis™. The Company receives a cost per prescription for each MediCabilis™ unit sold. The Company anticipates that Project Twenty21 will underpin considerable growth in medicinal cannabis prescription volumes and sales.

RESEARCH COLLABORATION WITH UNISA FOR MEDICINAL CANNABIS PRODUCTS

Bod secured a research collaboration agreement with the University of South Australia ("UniSA") to further research the effect of Bod's MediCabilis™ product on patients.

The collaboration will be undertaken by researchers from UniSA's School of Pharmacy and Medical Sciences, which is a nationally recognised department bringing together internationally acclaimed healthcare researchers in the quality use of medicines, drug development and pharmaceutical science.

The results of the initiative will lay a strong foundation for future research and drug development programs for Bod's extract, leaving the Company well positioned to capture additional revenue streams. Further, additional data will assist clinicians and approved prescribers in gaining a better understanding of MediCabilis™ and allowing for greater acceptance and more sales.

FIRST CBD PRODUCTS LAUNCHED WITH H&H GROUP IN THE UK

In a major development, Bod and H&H Group launched the first CBD products to market in the United Kingdom, under the parties' exclusive licencing agreement.

The products were launched under a new premium brand CBII (www.cbii-cbd.com), established so that H&H could distribute, market and sell premium CBD and hemp products to consumers.

The CBII product suite includes a range of full spectrum CBD oil products derived from European Good Manufacturing Practice (GMP) hemp extracts in varying strengths (100mg, 200mg and 500mg).

CBII products are now available to consumers in the UK through ecommerce channels. Bod and H&H Group are also exploring the opportunity of expanding into traditional retail outlets in the country.

To date, the Company has received considerable interest from consumers, underpinning sales of the products.

REVIEW OF OPERATIONS - CONTINUED

PERMIT SECURED TO EXPAND MEDICINAL CANNABIS PRODUCT SUITE

Bod received an import permit from the Office of Drug Control for two new medicinal cannabis products. The new products expand the Company's offering to now include a CBD isolate in two strengths respectively. This allows the Company to target a considerably larger portion of the addressable market in Australia.

The new CBD isolates are developed from Bod's exclusive full plant extract, which is part of the Company's successful MediCabilis™ 5% full plant extract. The new CBD isolates are now being bottled and sold under Bod's recognised MediCabilis™ brand.

The new isolates are now being dispensed as Schedule 4 medicines in Australia, meaning lower prescription restrictions to doctors and patients. The varying strengths provide greater alternatives to prescribers and patients and will contribute to ongoing increases in Bod's medicinal cannabis prescriptions.

SWISSE WELLNESS AND BOD LAUNCH FIRST HEMP PRODUCTS IN 2,000 AUSTRALIAN STORES

In their first major collaboration together domestically Bod and leading Australian vitamin, supplements and skincare brand Swisse Wellness launched nine hemp-based products for the Australian market into 2,000 locations, including Chemist Warehouse, Coles, and Priceline Pharmacy.

The initiative marked the launch of the Swisse hemp range in Australia and follows on from Bod's exclusive licencing agreement with H&H Group. The range includes various skincare products, as well as soft gel caps containing hemp seed oil.

Demand for the products and interest from large retail groups has been encouraging. Sales have directly added to Bod's growing revenue profile and the Company expects this to continue.

CBII PRODUCT RANGE EXTENDED IN THE UK WITH FOUR NEW PRODUCTS

Following the successful launch of the CBII brand in the UK, Bod and H&H Group extended the product range with the introduction of four new soft gel products.

Each of the new soft gel capsules are designed to address specific conditions, including stress and anxiety, anti-inflammation, liver protection and general wellness. The products were made available through ecommerce channels, alongside the existing CBII CBD oil range.

The new products utilise combinations of CBD, terpenes, vitamins and minerals. They are produced in Switzerland under GMP practice conditions, with Bod's exclusive full plant extract also being used in the product formula.

Bod continues to achieve strong sales and consistent revenue generation from the CBII products in the UK.

FIRST MEDICINAL CANNABIS PRESCRIPTIONS RECEIVED IN THE UK

Furthering its international expansion initiatives, Bod secured its first MediCabilis™ prescriptions from private patients in the UK. The order was received from a leading medicinal cannabis organisation, which has a number of clinics in London and the UK more broadly.

The UK is a major market for Bod, with over 7.3m consumers using CBD on an annual basis. The market is anticipated to grow in value to over US$3Bn per annum by 2024 and higher again following that.

The Company anticipates that the UK market will be instrumental in its growth trajectory during the current period and beyond.

FIRST MEDICABILIS™ PRESCRIPTION RECEIVED FROM PROJECT TWENTY21

During the period, Bod received its first MediCabilis™ prescription from patients participating in Europe's largest medicinal cannabis registry, Project Twenty21. This highlighted Bod's participation in the registry and opportunity present for the Company.

As part of the initiative, physicians and clinics across the UK are now dispensing Bod's MediCabilis™ products to patients in the trial. MediCabilis™ is being sold for approximately £150.00, which will underpin Bod's growing revenue profile for the duration of the registry. The Company continues to supply products to patients and is aiming to treat a minimum of 1,000.

MediCabilis™

CONTINUED GROWTH IN MEDICINAL CANNABIS PRESCRIPTION VOLUMES

MediCabilis™ prescription volumes continued to track up during financial year. Bod filled a total of 3,932 medicinal cannabis prescriptions during the period, which highlights a significant increase on the prior corresponding period (FY2019 total prescriptions: 56).

Prescription growth can be attributed to the Company's ongoing educational initiatives with approved prescribers and patients, R&D and clinical trial programmes, international expansion and participation in Project Twenty21.

Bod anticipates that medicinal cannabis sales will continue to grow, particularly as MediCabilis'™ brand recognition continues to grow in Australia and as meaningful prescription volumes are received from partners in the UK.

FINANCIAL STATEMENTS 30 JUNE 2020

DIRECTORS REPORT

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 2020.

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) (appointed on 25 November 2019)

George Livery

Joanne Patterson

Simon O'Loughlin

Akash Bedi (appointed on 23 July 2019)

Patrice Malard (appointed on 23 July 2019)

Simon Taylor (resigned 25 November 2019)

Stephen Thompson (resigned 18 December 2019)

Principal activities

The principle activities of the consolidated entity during the financial year was the development and manufacture of premium 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 $4,819,140 (30 June 2019: $7,623,571). Total revenue and other income is $6,051,230 (30 June 2019: $1,344,350)

Revenue of $3,799,237 (30 June 2019: $Nil) for the consumer business is a result of steady sales of CBD products in the UK through CBII, and hemp-based products in collaboration with Swisse Wellness in over 2,000 Australian stores.

Revenue of $835,507 (30 June 2019: $19,671) in the medical division is as a result of the consolidated entity's continued uptake of its medicinal cannabis product range, MediCabilis™, across both Australia and the United Kingdom with over 4000 prescriptions during the current year and Project Twenty21 in the United Kingdom.

An investment in research and development represented by a spend of $1,686,781 (30 June 2019: $1,760,784) has yielded a return by way of product launches under the consumer division for new and existing H&H Group brands, including Swisse and CBII and further growth in MediCabilis™ prescription volumes in Australia and the UK. In addition, securing a place as the only Australian company participating in Project Twenty21. Further research and development initiatives will allow entry into new markets, and collaborations with research groups to advance insight into the application of CBD and the use of MediCabilis™ on chronic conditions.

Employee/director benefits expense of $2,584,160 (30 June 2019: $2,867,080) represents the consolidated entity's focus on being a cannabis centric healthcare company and working with partners to ensure a less labour-intensive business structure.

Impairment of inventories of $392,545 (30 June 2019: $608,380) relate to slow moving and ageing stock in the legacy non- CBD and hemp plant based herbal business. Other expenses of $1,359,178 (30 June 2019: $1,116,536) include cost control mechanisms implemented in March 2019.

Cash and cash equivalents as at 30 June 2020 was $6,385,663 (30 June 2019: $2,843,797). Reduced cash burn has been achieved through stringent controls of all operating expenditure, without compromising the consolidated entity's investments in innovation, R&D and key recruitments.

Bod has not experienced any adverse effect on operations from Coronavirus (COVID-19). 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 creating three new positions to aid growth. Given Bod's MediCabilis™ products are used by patients with chronic conditions and are available on a prescription only basis, 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.

Significant changes in the state of affairs

During the period, Bod secured a $5,500,000 investment from NewH2, the innovation arm of Hong Kong Stock Exchange listed Health & Happiness Group Limited (H&H Group, HKSE: 1112) and entered into an exclusive global licence agreement with the group to commercialise Bod's CBD products for relevant markets.

Under the agreement, NewH2 took a 17.64% stake in the Company and H&H paid $1,500,000 for R&D initiatives. Proceeds from the cash payment will be used for ongoing research and product development initiatives.

Following the investment, Bod emerged with three key operating businesses. A CBD and hemp consumer product division that licences products exclusively to H&H Group and an over the counter herbal product business, which covers Bod's plant based products outside of CBD and hemp, as well as a medicinal cannabis and pharmaceutical division focused on progressing and commercialising prescription products.

During the period, Bod also incorporated a new subsidiary Bod Healthcare Ltd situated in the United Kingdom.

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

Due to the continuation of Coronavirus (COVID-19) after 30 June 2020, the directors and management will continually review and update the assessments of the risk on the business given the fluid nature of the crisis and the uncertainties involved.

No other matter or circumstance has arisen since 30 June 2020 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 FY2021 and beyond.

DIRECTORS REPORT - CONTINUED

Bod has several growth initiatives planned for it's CBD and hemp business division, which include product range extensions, new product launches and new market entries into the USA, France, Italy and the Netherlands. 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

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

Interests in shares: 340,202 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: None

Name: Simon O'Loughlin

Title: Non-Executive Director (formerly Non-Executive Chairman until 31 August 2018)

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 Petratherm 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

Interests in shares: 1,160,000 ordinary shares

Interests in options: 500,000 options over ordinary shares

Name: Akash Bedi

Title: Non-Executive Director (appointed on 23 July 2019)

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

Interests in shares: None

Interests in options: 500,000 options over ordinary shares

Name: Patrice Malard

Title: Non-Executive Director (appointed on 23 July 2019)

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.

DIRECTORS REPORT - CONTINUED

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

Name: Simon Taylor

Title: Former Non-Executive Director (resigned 25 November 2019)

Qualifications: B.Sc, M.A.I.G.

Experience and expertise: Simon is a resource executive with over 25 years' experience at chief executive officer and board levels. He has had a diversified career providing professional services to resource companies and financial corporations. He has also been involved in the listing and back-door listing of numerous companies on the ASX, most recently the back-door listing of Xref Limited (formerly King Solomon Mines Limited). Simon has significant international experience having been involved in business with operations in Australia, Brazil, Turkey, Uganda, Tanzania, Mali, China, the United Kingdom and North America.

Other current directorships: Oklo Resources Limited and Chesser Resources Limited

Former directorships (last 3 years): TW Holdings Limited and ARC Exploration Limited

Special responsibilities: None

Name: Stephen Thompson

Title: Former Executive Director (resigned on 18 December 2019)

Qualifications: Bachelor of Business, MBA, GAICD

Experience and expertise: Stephen is a senior business leader with a track record in scaling growth businesses and driving transformation across ASX-listed companies. He has over 30 years' experience in senior management roles at blue chip companies Coca Cola Amatil Limited, Toll Holdings Limited, and Tabcorp Holdings Limited. He is the chief adviser to Brett Blundy, one of Australia's most successful entrepreneurs and founder of BBRC Worldwide, a private investment company. He has been involved in three public listings within 12 months, including the initial public offering of Lovisa Holdings Limited. He is the chief executive officer and founder of Lifelong Partners Advisory. Stephen's earlier career involved management consulting roles at PriceWaterhouse and Deloitte and a senior executive role at the Red Earth retail chain.

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: None

'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') held during the year ended 30 June 2020, and the number of meetings attended by each director were:

Full Board	Attended	Held
Mark Masterson	6	6
George Livery	6	6
Joanne Patterson	6	6
Simon O'Loughlin	6	6
Akash Bedi	6	6
Patrice Malard	6	6
Simon Taylor	2	2
Stephen Thompson	2	2

Held: represents the number of meetings held during the time the director held office.

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.

DIRECTORS REPORT - CONTINUED

The Board 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 Board 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 Board have 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 Board. 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 Board 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 Board reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2020.

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 Board. 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 2020, 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 2019 Annual General Meeting ('AGM')

At the 2019 AGM, 99% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2019. 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 (appointed 25 November 2019)
- George Livery – Non-Executive Director (formerly Executive Chairman)
- Joanne Patterson – Chief Executive Officer
- Simon O'Loughlin – Non-Executive Director
- Akash Bedi – Non-Executive Director (appointed 23 July 2019)
- Patrice Malard – Non-Executive Director (appointed 23 July 2019)
- Simon Taylor – Non-Executive Director (resigned 25 November 2019)
- Stephen Thompson – Executive Director (resigned 18 December 2019)
- 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	
2020	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity settled $	Total $
Non-Executive Directors:							
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
Executive Directors:							
Joanne Patterson	314,999	64,430	11,308	29,925	-	-	420,662
Stephen Thompson***	14,938	-	-	1,382	-	-	16,320
Other Key Management Personnel:							
Craig Weller	264,999	54,203	6,455	25,175	-	-	350,832
	813,791	118,633	17,763	69,692	-	481,363	1,501,242

* 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.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2019	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity settled $	Total $
Non-Executive Directors:							
Simon O'Loughlin	35,833	-	-	3,404	-	-	39,237
Simon Taylor	34,999	-	-	3,324	-	-	38,323
Mickey Perret*	20,416	-	-	1,940	-	22,522	44,878
Executive Directors:							
George Livery**	39,167	-	-	3,721	-	362,919	405,807
Joanne Patterson	300,000	-	6,841	28,500	-	3,987	339,328
Stephen Thompson**	33,333	-	-	3,167	-	276,163	312,663
Other Key Management Personnel:							
Craig Weller	250,000	-	5,865	23,750	-	3,987	283,602
	713,748	**-**	**12,706**	**67,806**	**-**	**669,578**	**1,463,838**

* Represents remuneration from 1 July 2018 to the date of resignation 31 January 2019.

** Represents remuneration from date of appointment 1 September 2018 to 30 June 2019.

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

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Non-Executive Directors:						
Mark Masterson	38%	-	-	-	62%	-
George Livery	16%	11%	-	-	84%	89%
Simon O'Loughlin	50%	100%	-	-	50%	-
Akash Bedi	46%	-	-	-	54%	-
Patrice Malard	46%	-	-	-	54%	-
Simon Taylor	100%	100%	-	-	-	-
Executive Directors:						
Joanne Patterson	85%	99%	15%	-	-	1%
Stephen Thompson	100%	12%	-	-	-	88%
Other Key Management Personnel:						
Craig Weller	85%	99%	15%	-	-	1%

DIRECTORS REPORT - CONTINUED

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 2020, 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: The company will pay Craig an annual salary (exclusive of statutory superannuation payments) of $278,250 from 1 July 2020. 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 2020.

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

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Mickey Perret	300,000	17 Nov 2017	17 Nov 2017	17 Nov 2020	$0.20	$0.0814
Mickey Perret	500,000	17 Nov 2017	17 Nov 2018	17 Nov 2020	$0.25	$0.0749
Mickey Perret	200,000	17 Nov 2017	17 May 2019	17 Nov 2020	$0.30	$0.0694
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
Stephen Thompson	550,000	26 Nov 2018	1 Jul 2019	26 Nov 2021	$0.50	$0.2700
Stephen Thompson	750,000	26 Nov 2018	1 Jul 2020	26 Nov 2021	$0.50	$0.2598
Stephen Thompson	1,000,000	26 Nov 2018	1 Jul 2021	26 Nov 2021	$0.50	$0.2473
Akash Bedi	500,000	9 December 2019	9 December 2020	9 December 2022	$0.47	$0.1662
Patrice Malard	500,000	9 December 2019	9 December 2020	9 December 2022	$0.47	$0.1662
George Livery	500,000	9 December 2019	9 December 2020	9 December 2022	$0.47	$0.1662
Simon O'Loughlin	500,000	9 December 2019	9 December 2020	9 December 2022	$0.47	$0.1662
Mark Masterson	750,000	9 December 2019	9 December 2020	9 December 2022	$0.47	$0.1662

DIRECTORS REPORT - CONTINUED

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 2020 are set out below:

	Number of options granted during the year 2020	Number of options granted during the year 2019	Number of options vested during the year 2020	Number of options vested during the year 2019
Mark Masterson	750,000	-	-	-
George Livery	500,000	2,300,000	550,000	-
Joanne Patterson	-	-	-	500,000
Akash Bedi	500,000	-	-	-
Patrice Malard	500,000	-	-	-
Simon O'Loughlin	500,000	-	-	-
Stephen Thompson	-	2,300,000	550,000	-
Mickey Perret	-	-	-	700,000
Craig Weller	-	-	-	500,000

Additional information

The earnings of the consolidated entity for the four years to 30 June 2020 are summarised below:

	2020 $	2019 $	2018 $	2017 $
Revenue from contracts with customers and other revenue	5,925,272	1,273,391	1,129,161	352,877
Loss for the year	(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:

	2020	2019	2018	2017
Loss per share (cents) for the year ended 30 June	(5.40)	(11.59)	(7.18)	(9.24)
Share Price at 30 June (cents)	27.00	34.00	54.00	17.50
Share Price High for year ended 30 June (cents)	72.00	66.00	72.00	31.00
Share Price Low for the year ended 30 June (cents)	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
Ordinary shares					
Mark Masterson	-	-	441,176	-	441,176
George Livery	320,000	-	20,202	-	340,202
Joanne Patterson	5,800,000	-	1,500,000	(750,000)	6,550,000
Simon O'Loughlin	610,000	-	750,000	(200,000)	1,160,000
Simon Taylor*	870,000	-	750,000	(1,620,000)	-
Stephen Thompson**	325,000	-	-	(325,000)	-
Craig Weller	5,000,000	-	1,500,000	(1,647,671)	4,852,329
	12,925,000	**-**	**4,961,378**	**(4,542,671)**	**13,343,707**

* Other represents Simon Taylor no longer a director and not necessarily a physical disposal of shares.

** Other represents Stephen Thompson no longer a director and not necessarily a physical disposal of shares.

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
Options over ordinary shares					
Mark Masterson	-	750,000	-	-	750,000
George Livery	2,300,000	500,000	-	-	2,800,000
Joanne Patterson	1,500,000	-	(1,500,000)	-	-
Simon O'Loughlin	750,000	500,000	(750,000)	-	500,000
Simon Taylor *	750,000	-	(750,000)	-	-
Akash Bedi	-	500,000	-	-	500,000
Patrice Malard	-	500,000	-	-	500,000
Stephen Thompson **	2,300,000	-	-	(2,300,000)	-
Craig Weller	1,500,000	-	(1,500,000)	-	-
	9,100,000	**2,750,000**	**(4,500,000)**	**(2,300,000)**	**5,050,000**

* Other represents Simon Taylor no longer a director and not necessarily a physical disposal or forfeiture of options.

**Other represents Stephen Thompson no longer a director and not necessarily a physical disposal or forfeiture of options.

DIRECTORS REPORT - CONTINUED

Options over ordinary shares

	Vested and exercisable	Vested and unexercisable	Balance at the end of the year
Mark Masterson	750,000	-	750,000
George Livery	2,800,000	-	2,800,000
Simon O'Loughlin	500,000	-	500,000
Akash Bedi	500,000	-	500,000
Patrice Malard	500,000	-	500,000
	5,050,000	-	**5,050,000**

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
17 November 2017	17 November 2020	$0.20	300,000
17 November 2017	17 November 2020	$0.25	500,000
17 November 2017	17 November 2020	$0.30	200,000
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
			8,995,120

* 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.

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

The following ordinary shares of BOD Australia Limited were issued during the year ended 30 June 2020 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
22/01/2016	$0.30	6,500
22/01/2016	$0.35	6,500
03/08/2016	$0.20	1,500,000
03/08/2016	$0.25	1,000,000
03/08/2016	$0.30	1,000,000
03/08/2016	$0.35	1,000,000
27/10/2016	$0.20	2,401,600
27/10/2016	$0.30	100,000
27/10/2016	$0.35	100,000
		7,114,600

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.

DIRECTORS REPORT - CONTINUED

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 21 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 21 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 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.

Auditor

Nexia Sydney Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

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 2020
Sydney

AUDITOR'S INDEPENDENCE DECLARATION

Nexia Australia

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 2020, 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

Nexia Sydney Audit Pty Ltd

Joseph Santangelo
Director

Date: 20 August 2020

Nexia Sydney Audit Pty Ltd
Level 16, 1 Market Street
Sydney NSW 2000
PO Box H195
Australia Square NSW 1215
p +61 2 9251 4600
f +61 2 9251 7138
e info@nexiasydney.com.au
w nexia.com.au

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	Principal place of business
Suite 2, Level 10, 70 Phillip Street	Level 1, 377 New South Head Road
Sydney NSW 2000	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 2020. The directors have the power to amend and reissue the financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated 2020 $	2019 $
Revenue from contracts with customers and other revenue	4	5,925,272	1,273,391
Other income	5	50,000	-
Interest revenue calculated using the effective interest method		75,958	70,959
Expenses			
Raw materials and consumables used		(3,875,056)	(529,873)
Research and development expense		(1,686,781)	(1,760,784)
Employee/director benefits expense		(2,584,160)	(2,867,080)
Depreciation and amortisation expense	6	(66,714)	(63,096)
Impairment of inventories		(392,545)	(608,380)
Marketing expense		(864,753)	(2,022,172)
Foreign exchange loss		(41,183)	-
Other expenses		(1,359,178)	(1,116,536)
Loss before income tax expense		(4,819,140)	(7,623,571)
Income tax expense	7	-	-
Loss after income tax expense for the year attributable to the owners of BOD Australia Limited		(4,819,140)	(7,623,571)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(22,794)	(5,125)
Other comprehensive income for the year, net of tax		(22,794)	(5,125)
Total comprehensive income for the year attributable to the owners of BOD Australia Limited		(4,841,934)	(7,628,696)

		Cents	Cents
Basic earnings per share	29	(5.40)	(11.59)
Diluted earnings per share	29	(5.40)	(11.59)

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated 2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	8	6,385,663	2,843,797
Trade and other receivables	9	1,487,267	82,597
Inventories	10	474,595	363,723
Other	11	88,874	92,513
Total current assets		8,436,399	3,382,630
Non-current assets			
Property, plant and equipment	12	29,532	52,431
Intangibles	13	447,679	56,612
Total non-current assets		477,211	109,043
Total assets		8,913,610	3,491,673
Liabilities			
Current liabilities			
Trade and other payables	14	2,175,922	1,032,924
Contract liabilities	15	913,677	168,542
Employee benefits		94,723	57,124
Accrued expenses		638,119	166,542
Total current liabilities		3,822,441	1,425,132
Non-current liabilities			
Contract liabilities	16	284,164	-
Total non-current liabilities		284,164	-
Total liabilities		4,106,605	1,425,132
Net assets		4,807,005	2,066,541
Equity			
Issued capital	17	21,894,590	14,665,696
Reserves	18	2,570,566	2,239,856
Accumulated losses		(19,658,151)	(14,839,011)
Total equity		4,807,005	2,066,541

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

Consolidated	Issued capital	Reserves	Accumulated losses	Total equity
	$	$	$	$
Balance at 1 July 2018	9,001,814	832,345	(7,215,440)	2,618,719
Loss after income tax expense for the year	-	-	(7,623,571)	(7,623,571)
Other comprehensive income for the year, net of tax	-	(5,125)	-	(5,125)
Total comprehensive income for the year	-	(5,125)	(7,623,571)	(7,628,696)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 17)	5,663,882	-	-	5,663,882
Share-based payments (notes 18 and 30)	-	1,412,636	-	1,412,636
Balance at 30 June 2019	14,665,696	2,239,856	(14,839,011)	2,066,541

Consolidated	Issued capital	Reserves	Accumulated losses	Total equity
	$	$	$	$
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)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 17)	5,484,630	-	-	5,484,630
Share-based payments (notes 18 and 30)	-	353,504	-	353,504
Shares issued on the exercise of options (notes 18 and 30)	1,744,264	-	-	1,744,264
Balance at 30 June 2020	21,894,590	2,570,566	(19,658,151)	4,807,005

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated 2020 $	2019 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		3,373,464	1,179,961
Payments to suppliers and employees (inclusive of GST)		(9,102,023)	(8,187,234)
Interest received		75,958	70,959
Research and development incentive received		851,456	453,170
Research and development fee income	15	1,500,000	-
Government grants		50,000	-
Royalty		27,698	-
Net cash used in operating activities	28	(3,223,447)	(6,483,144)
Cash flows from investing activities			
Payments for property, plant and equipment	12	(21,233)	(63,590)
Payments for intangibles	13	(439,387)	(69,621)
Payments for security deposits		(2,961)	(6,422)
Proceeds from disposal of property, plant and equipment		-	3,620
Net cash used in investing activities		(463,581)	(136,013)
Cash flows from financing activities			
Net proceeds from issue of shares	17	5,484,630	6,347,540
Net proceeds from issue of options		1,744,264	-
Net cash from financing activities		7,228,894	6,347,540
Net (decrease)/increase in cash and cash equivalents		3,541,866	(271,617)
Cash and cash equivalents at the beginning of the financial year		2,843,797	3,115,414
Cash and cash equivalents at the end of the financial year	8	6,385,663	2,843,797

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

NOTES TO THE FINANCIAL STATEMENTS

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:

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight- line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

The consolidated entity has adopted the simplified transition approach of AASB 16. The impact of adoption on opening retained earnings as at 1 July 2019 was $nil, as the consolidated entity's only lease was a short term lease of under 12 months.

The consolidated entity 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 as incurred.

Interpretation 23 Uncertainty over Income Tax

The consolidated entity has adopted Interpretation 23 from 1 July 2019. The interpretation clarifies how to apply the recognition and measurement requirements of AASB 112 'Income Taxes' in circumstances where uncertain tax treatments exists. The interpretation requires: the consolidated entity to determine whether each uncertain tax treatment should be treated separately or together, based on which approach better predicts the resolution of the uncertainty; the consolidated entity to consider whether it is probable that a taxation authority will accept an uncertain tax treatment; and if the consolidated entity concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates, measuring the tax uncertainty based on either the most likely amount or the expected value.

In making the assessment it is assumed that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. Interpretation 23 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact of adoption on opening retained profits as at 1 July 2019.

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 net operating cash outflows for the year of $3,223,447 (2019: $6,483,144) and as at 30 June 2020 has cash and cash equivalents of $6,385,663 (30 June 2019: $2,843,797). The consolidated entity also generated a loss after tax of $4,819,140 (2019: $7,623,571).

The ability of the consolidated entity to continue as a going concern is principally dependent upon one or more of the following:

- the consolidated entity continuing to generate growth in sales revenues and manage its operating expenditures in a manner that continues to reduce its operating loss after tax and achieve an operating profit;
- ongoing negotiation of contractual arrangement with key supplier and customers to better align the timing of cash received from the sales with payments for manufacturing and distribution costs; and
- the ability of the consolidated entity to raise sufficient capital if necessary.

These conditions give rise to material uncertainty which may cast significant doubt over the consolidated entity's ability to continue as a going concern.

Should the consolidated entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the consolidated entity be unable to continue as a going concern.

Taking into consideration the consolidated entity's recent history of significantly reducing its operating loss after tax, significantly reducing the cashflows used in operations and its past success in raising capital, the Directors are confident in the consolidated entity's ability to meet its obligations as and when they fall due. The Directors have therefore prepared 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 26.

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 2020 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 en tity 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.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

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.

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

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.

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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
- CONTINUED

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.

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 2020. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

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 trinomial option pricing model 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 Monte Carlo simulations. 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.

NOTES TO THE FINANCIAL STATEMENTS - 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 and the United Kingdom.

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 a monthly basis.

Major customers

There are 3 customers (2019: 3 customers) that account for more than 80% of the consolidated entity's revenue. The total amount of revenues from these customers was $3,878,389 (split $2,326,136, $932,931 and $619,322 respectively) and were from all three segments.

Operating segment information

Consolidated - 2020	OTC Medical $	OTC CBD/Hemp $	Herbals $	Total $
Revenue				
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
Total revenue	1,686,963	3,875,195	439,072	6,001,230
Segment result	(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)
Loss before income tax expense	(1,909,627)	(668,867)	(2,240,646)	(4,819,140)
Income tax expense				-
Loss after income tax expense				(4,819,140)
Assets				
Segment assets	2,430,950	4,059,982	2,422,678	8,913,610
Total assets				8,913,610
Liabilities				
Segment liabilities	517,602	1,749,687	1,839,316	4,106,605
Total liabilities				4,106,605

Consolidated - 2019	OTC Medical $	OTC CBD/Hemp $	Herbals $	Total $
Revenue				
Sale of goods	19,671	-	800,550	820,221
Other revenue	339,877	113,293	-	453,170
Interest revenue	32,960	151	37,848	70,959
Total revenue	392,508	113,444	838,398	1,344,350
Segment result	(2,137,511)	(841,977)	(3,972,607)	(6,952,095)
Depreciation and amortisation	(16,077)	(15,363)	(31,656)	(63,096)
Impairment of assets	-	-	(608,380)	(608,380)
Loss before income tax expense	(2,153,588)	(857,340)	(4,612,643)	(7,623,571)
Income tax expense				-
Loss after income tax expense				(7,623,571)
Assets				
Segment assets	1,621,863	7,454	1,862,356	3,491,673
Total assets				3,491,673
Liabilities				
Segment liabilities	479,459	41,393	904,280	1,425,132
Total liabilities				1,425,132

Note 4. Revenue from contracts with customers and other revenue

	Consolidated	
	2020 $	2019 $
Revenue from contracts with customers		
Sale of goods	4,563,161	820,221
Royalty	59,819	-
Research and development fee income (refer to note 15)	450,836	-
	5,073,816	820,221
Other revenue		
Research and development incentive	851,456	453,170
Revenue from contracts with customers and other revenue	5,925,272	1,273,391

Disaggregation of revenue

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

	Consolidated	
	2020 $	2019 $
Major product lines		
OTC Cannabis/Hemp	3,799,237	-
OTC Herbals	439,072	800,550
Medical	835,507	19,671
	5,073,816	820,221
Geographical regions		
Australia	2,492,352	820,221
United Kingdom	2,581,464	-
	5,073,816	820,221
Timing of revenue recognition		
Goods transferred at a point in time	4,622,980	820,221
Services transferred over time	450,836	-
	5,073,816	820,221

Note 5. Other income

	Consolidated 2020 $	2019 $
Government grants	50,000	-

Government Grants

During the year the consolidated entity received payments from the Australian Government amounting to $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 2020 $	2019 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	18,394	50,087
Amortisation		
Patents and trademarks	26,897	13,009
Product development	21,423	-
Total amortisation	48,320	13,009
Total depreciation and amortisation	66,714	63,096
Leases		
Minimum lease payments	-	98,476
Short-term lease payments	127,920	-
	127,920	98,476
Superannuation expense		
Defined contribution superannuation expense	145,183	154,732
Share-based payments expense		
Share-based payments expense	353,504	669,578

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

Note 7. Income tax expense

	Consolidated 2020 $	2019 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(4,819,140)	(7,623,571)
Tax at the statutory tax rate of 27.5%	(1,325,264)	(2,096,482)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible entertainment expenses	4,460	8,072
Share-based payments	196,669	185,885
Deductible entertainment expenses	(1,062)	(2,722)
Deductible payments	178	16,530
Employee leave provision	10,340	(8,608)
Research and development incentive	(234,150)	-
Research and development expenses	463,865	532,639
Non-deductible accrued expenses	38,073	-
Provision for stock obsolescence	63,392	154,593
Provision for trading terms	40,293	44,144
Deduction of blackhole expenditure	(86,025)	(86,025)
	(829,231)	(1,251,974)
Current year tax losses not recognised	829,231	1,251,974
Income tax expense	-	-
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	11,952,456	8,937,070
Potential tax benefit @ 27.5%	3,286,925	2,457,694

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. Current assets - cash and cash equivalents

	Consolidated 2020 $	2019 $
Cash at bank and cash on hand	2,385,663	1,843,797
Cash on deposit	4,000,000	1,000,000
	6,385,663	2,843,797

Note 9. Current assets - trade and other receivables

	Consolidated 2020 $	Consolidated 2019 $
Trade receivables	1,487,267	82,597

The ageing of the trade receivables are as follows:

	Consolidated 2020 $	Consolidated 2019 $
0 to 3 months overdue	1,453,096	82,597
3 to 6 months overdue	34,171	-
	1,487,267	82,597

Note 10. Current assets - inventories

	Consolidated 2020 $	Consolidated 2019 $
Finished goods - at cost	682,708	1,059,908
Less: Provision for impairment	(208,113)	(696,185)
	474,595	363,723

Note 11. Current assets - other

	Consolidated 2020 $	Consolidated 2019 $
Prepayments	63,552	70,152
Security deposits	25,322	22,361
	88,874	92,513

NOTES TO THE FINANCIAL STATEMENTS
- CONTINUED

Note 12. Non-current assets - property, plant and equipment

	Consolidated 2020 $	Consolidated 2019 $
Plant and equipment - at cost	149,451	153,956
Less: Accumulated depreciation	(119,919)	(101,525)
	29,532	52,431

Reconciliations

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

Consolidated	Plant and equipment $
Balance at 1 July 2018	42,548
Additions	63,590
Disposals	(3,620)
Depreciation expense	(50,087)
Balance at 30 June 2019	52,431
Additions	21,233
Equipment written off as website development costs	(25,738)
Depreciation expense	(18,394)
Balance at 30 June 2020	29,532

Note 13. Non-current assets - intangibles

	Consolidated 2020 $	Consolidated 2019 $
Patents and trademarks - at cost	91,133	69,621
Less: Accumulated amortisation	(39,906)	(13,009)
	51,227	56,612
Product development	417,875	-
Less: Accumulated amortisation	(21,423)	-
	396,452	-
	447,679	56,612

Note 13. Non-current assets - 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:

	Patents and trademarks	Product development	Total
Consolidated	$	$	$
Balance at 1 July 2018	-	-	-
Additions	69,621	-	69,621
Amortisation expense	(13,009)	-	(13,009)
Balance at 30 June 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

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. Current liabilities - trade and other payables

	Consolidated	
	2020 $	2019 $
Trade payables	2,021,588	834,949
GST payable	95,826	14,425
Other payables	58,508	183,550
	2,175,922	1,032,924

Refer to note 20 for further information on financial instruments.

Note 15. Current liabilities - contract liabilities

	Consolidated 2020 $	2019 $
Research and development fee received in advance	765,000	-
Refund liabilities	148,677	168,542
	913,677	168,542

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:

	2020 $	2019 $
Opening balance	-	-
Payments received in advance	1,500,000	-
Transfer to revenue	(450,836)	-
Closing balance	1,049,164	-

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

	Consolidated 2020 $	2019 $
Within 12 months (current contract liability)	765,000	-
After 12 months (non-current contract liability - note 16)	284,164	-
	1,049,164	-

Note 16. Non-current liabilities - contract liabilities

	Consolidated 2020 $	2019 $
Research and development fee received in advance	284,164	-

Note 17. Equity - issued capital

	Consolidated			
	2020 Shares	2019 Shares	2020 $	2019 $
Ordinary shares - fully paid	91,369,465	69,390,000	21,894,590	14,665,696

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2018	56,432,000		9,001,814
Shares issued	8 October 2018	12,000,000	$0.53	6,360,000
Shares issued for advisory services	8 October 2018	108,000	$0.55	59,400
Shares issued	27 November 2018	850,000	$0.53	450,500
Less: share issue costs		-	$0.00	(462,960)
Less: share-based payments capitalised as transaction costs		-	$0.00	(743,058)
Balance	30 June 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 option		-	$0.00	(10,251)
Balance	30 June 2020	91,369,465		21,894,590

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 2019 Annual Report.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

Note 18. Equity - reserves

	Consolidated	
	2020 $	2019 $
Foreign currency reserve	(27,919)	(5,125)
Share-based payments reserve	2,598,485	2,244,981
	2,570,566	2,239,856

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 2018	-	832,345	832,345
Foreign currency translation	(5,125)	-	(5,125)
Share-based payment expense	-	669,578	669,578
Share-based payments capitalised as transaction costs in equity	-	743,058	743,058
Balance at 30 June 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

Note 19. Equity - dividends

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

Note 20. 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.

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 and the United Kingdom and is exposed to foreign currency exchange rate risk arising from foreign currency exposures to the British Pound and the Swiss Franc.

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	
Consolidated	2020 $	2019 $	2020 $	2019 $
Pound Sterling	1,027,203	-	84,727	-
Swiss francs	53,034	118,332	128,896	134,024
	1,080,237	118,332	213,623	134,024

Note 20. Financial instruments - continued

Consolidated - 2020	AUD strengthened % change	AUD strengthened Effect on profit before tax	AUD strengthened Effect on equity	AUD weakened % change	AUD weakened Effect on profit before tax	AUD weakened 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
		(101,834)	(73,830)		101,834	73,830

Consolidated - 2019	AUD strengthened % change	AUD strengthened Effect on profit before tax	AUD strengthened Effect on equity	AUD weakened % change	AUD weakened Effect on profit before tax	AUD weakened Effect on equity
Swiss Franc	10%	(1,569)	(1,138)	10%	1,569	1,138

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.

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

Consolidated - 2020	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	2,021,588	-	-	-	2,021,588
Other payables	-	154,333	-	-	-	154,333
Total non-derivatives	-	2,175,921	-	-	-	2,175,921

Consolidated - 2019	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	834,949	-	-	-	834,949
Other payables	-	197,975	-	-	-	197,975
Total non-derivatives	-	1,032,924	-	-	-	1,032,924

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.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

Note 21. 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, its network firms and unrelated firms:

	Consolidated	
	2020 $	2019 $
Audit services - Nexia Sydney Audit Pty Ltd		
Audit or review of the financial statements	66,207	47,864
Other services - Nexia Sydney Audit Pty Ltd		
Other non-assurance services	20,464	-
	86,671	47,864
Audit services - Other (Bod SAGL)		
Audit or review of the financial statements	5,000	-
Other services - HLB Mann Judd Audit (SA) Pty Ltd		
Other	-	1,556

Note 22. Contingent assets and liabilities

There were no contingent assets or contingent liabilities as at 30 June 2020 and 30 June 2019.

Note 23. Commitments

	Consolidated	
	2020 $	2019 $
Participation in Project Twenty21 medicinal cannabis project:		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	206,465	-
One to five years	179,535	-
	386,000	-

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 2020 is GBP £215,000.

	Consolidated	
	2020 $	2019 $
Short-term lease commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	26,700	87,903

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

Note 24. 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:

	Consolidated	
	2020 $	2019 $
Short-term employee benefits	950,187	726,454
Post-employment benefits	69,692	67,806
Share-based payments	481,363	669,578
	1,501,242	1,463,838

Note 25. Related party transactions

Parent entity

BOD Australia Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 27.

Key management personnel

Disclosures relating to key management personnel are set out in note 24 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.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

Note 26. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2020 $	2019 $
Loss after income tax	(4,971,780)	(7,344,775)
Total comprehensive income	(4,971,780)	(7,344,775)

Statement of financial position

	Parent	
	2020 $	2019 $
Total current assets	8,350,629	3,464,297
Total assets	8,882,028	3,643,790
Total current liabilities	3,636,784	1,293,328
Total liabilities	3,920,948	1,293,328
Equity		
Issued capital	21,894,590	14,665,696
Share-based payments reserve	2,598,485	2,244,981
Accumulated losses	(19,531,995)	(14,560,215)
Total equity	4,961,080	2,350,462

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 2020 and 30 June 2019.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020 and 30 June 2019.

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 27. 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:

Name	Principal place of business / Country of incorporation	Ownership interest 2020 %	2019 %
BOD SAGL - Lugano	Switzerland	100%	100%
Bod Healthcare Ltd*	United Kingdom	100%	-

* Incorporated on 27 March 2020.

Note 28. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2020 $	2019 $
Loss after income tax expense for the year	(4,819,140)	(7,623,571)
Adjustments for:		
Depreciation and amortisation	66,714	63,096
Write off of property, plant and equipment	8,526	-
Share-based payments	353,504	669,578
Foreign exchange differences	(23,839)	(5,125)
Exercise of unquoted options	10,251	-
Shares issued for advisory services	-	59,400
Write off of inventories	392,545	608,380
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(1,404,670)	85,647
Increase in inventories	(503,417)	(506,970)
Decrease/(increase) in prepayments	7,572	(47,329)
Increase in trade and other payables	1,621,609	49,041
Increase/(decrease) in other provisions	17,734	(3,833)
Increase in unearned income balances	1,049,164	-
(Decrease)/increase in refund liabilities	-	168,542
Net cash used in operating activities	(3,223,447)	(6,483,144)

NOTES TO THE FINANCIAL STATEMENTS
- CONTINUED

Note 29. Earnings per share

	Consolidated	
	2020 $	2019 $
Loss after income tax attributable to the owners of BOD Australia Limited	(4,819,140)	(7,623,571)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	89,176,285	65,758,926
Weighted average number of ordinary shares used in calculating diluted earnings per share	89,176,285	65,758,926
	Cents	Cents
Basic earnings per share	(5.40)	(11.59)
Diluted earnings per share	(5.40)	(11.59)

As at the reporting date, the consolidated entity had 8,995,120 (2019: 18,346,720) 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 30. Share-based payments

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

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
Weighted average exercise price			$0.38	$0.47	$0.25	$0.41	$0.50

* 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.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

Note 30. Share-based payments - continued

2019

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	-	-	-	750,000
22/01/2016	22/01/2019	$0.35	750,000	-	-	-	750,000
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	-	-	-	2,651,600
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	*	$0.55	-	798,373	-	-	798,373
26/11/2018	*	$0.65	-	798,373	-	-	798,373
26/11/2018	*	$0.75	-	798,374	-	-	798,374
			11,351,600	6,995,120	-	-	18,346,720
Weighted average exercise price			$0.28	$0.55	$0.00	$0.00	$0.38

* 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	2020 Number	2019 Number
03/08/2016	03/08/2019	-	4,500,000
21/10/2016	27/10/2019	-	2,851,600
22/12/2016	22/12/2019	-	1,500,000
17/11/2017	17/11/2020	1,000,000	1,000,000
27/12/2017	27/12/2019	-	1,500,000
		1,000,000	11,351,600

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.49 years (2019: 1.67 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
09/12/2019	09/12/2022	$0.31	$0.47	89.00%	-	0.68%	$0.1662

Note 31. Events after the reporting period

Due to the continuation of Coronavirus (COVID-19) after 30 June 2020, the directors and management will continually review and update the assessments of the risk on the business given the fluid nature of the crisis and the uncertainties involved.

No other matter or circumstance has arisen since 30 June 2020 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.

DIRECTORS' DECLARATION

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 2020 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 2020 Sydney

INDEPENDENT AUDITOR'S REPORT

Nexia Australia

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 Group)), which comprises the consolidated statement of financial position as at 30 June 2020, 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.

Basis for opinion

Material uncertainty related to going concern

We draw attention to Note 1 – Going Concern in the financial report, which indicates that the Group incurred a net loss after income tax expense of $4,819,140 during the year ended 30 June 2020 and net operating cash outflow of $3,223,447. As stated in Note 1, these conditions, along with other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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
Revenue Recognition Refer to note 1 and note 4. Revenue is an important measure by which the performance of the Group is assessed and it is a significant balance in the Group's statement of comprehensive income and the key driver of the Group's operations. The Group receives revenue from contracts with customers based on different measures that include an element of judgement and impact a number of areas of the financial statements. Therefore, there is a risk that revenue has not been recognised in accordance with AASB15: *Revenue from Contracts with Customers*.	Our procedures included, amongst others: ▪ Evaluated and tested the Group's processes and controls relating to the recognition and measurement of revenue and that it is in accordance with AASB15; ▪ Analysed and tested the movement in revenue accounts in comparison to the prior year as well as performing detailed analysis on monthly sales and the relationship with COGS; ▪ Tested the occurrence and measurement of sales by agreeing a sample of transactions to their source, initiating and delivery documentation; ▪ Performed testing on sales transactions for cut-off, completeness and classification as revenue or contract liabilities; and ▪ Tested the impact of claims and sales returns during the year and subsequent to year end, to assess the accuracy of revenue recognised.

Nexia Sydney Audit Pty Ltd
Level 16, 1 Market Street
Sydney NSW 2000
PO Box H195
Australia Square NSW 1215
p +61 2 9251 4600
f +61 2 9251 7138
e info@nexiasydney.com.au
w nexia.com.au

INDEPENDENT AUDITOR'S REPORT
- CONTINUED

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 2020, 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 Group'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 Group 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/auditors_files/ar2.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 19 to 28 of the directors' Report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Bod Australia Limited for the year ended 30 June 2020, 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

Nexia Sydney Audit Pty Ltd

Joseph Santangelo
Director

Dated: 20 August 2020

SHAREHOLDER INFORMATION

In accordance with ASX Listing Rule 4.10, Bod Australia Limited ("Bod") provides the following information to shareholders not elsewhere disclosed in the Annual Report.

The shareholder information set out below was applicable as of 30 September 2020.

A. Corporate Governance Statement

The Company has prepared a Corporate Governance Statement which sets out the corporate governance practices that were in operation in the year ended 30 June 2020. In accordance with ASX Listing Rule 4.10.3, the Corporate Governance Statement will be available for review on Bod's website www.bodaustralia.com and will be lodged with the ASX at the same time that this Annual Report is lodged with the ASX.

B. Distribution And Number Of Holders Of Equity Securities

The distribution and number of holders of equity securities on issue in the Company as at 30 September 2020, and the number of holders holding less than a marketable parcel of the company's ordinary shares based on the closing market price as at 30 September 2020 is as follows:

		Number of Holders		
Range	Ordinary Shares#	$0.20 unlisted options expiring 17/11/2020	$0.25 unlisted options expiring 17/11/2020	$0.30 unlisted options expiring 17/11/2020
1 to 1,000	277	-	-	-
1,001 to 5,000	1,149	-	-	-
5,001 to 10,000	383	-	-	-
10,001 to 100,000	521	-	-	-
100,001 and over	79	1	1	1
Total holders	2,409	1	1	1
Securities on issue	91,369,465	300,000	500,000	200,000

Holding less than a marketable parcel were 416 holders of ordinary shares.

		Number of Holders		
Range	$0.50 unlisted options expiring 25/11/2021	$0.50 unlisted options expiring 30/06/2022	$0.50 unlisted options expiring 30/06/2023	$0.50 unlisted options expiring 30/06/2024
100,001 and over	1	1	1	1
Total holders	1	1	1	1
Securities on issue	550,000	550,000	750,000	1,000,000

		Number of Holders		
Range	$0.55 unlisted options expiring 3 years from vesting	$0.65 unlisted options expiring 3 years from vesting	$0.75 unlisted options expiring 3 years from vesting	$0.47 unlisted options expiring 09/12/2022
100,001 and over	2	2	2	5
Total holders	2	2	2	5
Securities on issue	798,373	798,373	798,374	2,750,000

C. Twenty Largest Quoted Equity Security Holders

Bod has only one class of quoted equity securities, being fully paid ordinary shares (ASX:BDA). The names of the twenty largest holders of fully paid ordinary shares, the number of fully paid ordinary shares and the percentage of fully paid ordinary shares on issue as of 18 September 2020 was as follows:

	Number held	% of total shares issued
NEW H2 LIMITED	14,864,865	16.27
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,655,677	9.47
HEALTH AND BEAUTY ENTERPRISE PTY LIMITED	5,750,000	6.29
NOIR TED PTY LTD	4,852,329	5.31
AWJ FAMILY PTY LTD	4,445,346	4.87
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,319,960	3.63
GP SECURITIES PTY LTD	2,143,572	2.35
CITICORP NOMINEES PTY LIMITED	1,752,115	1.92
CALAMA HOLDINGS PTY LTD	1,505,000	1.65
JIMBZAL PTY LTD	1,160,000	1.27
BNP PARIBAS NOMINEES PTY LTD	1,115,300	1.22
YOIX PTY LTD	1,010,000	1.11
TWENTY TEN ENTERPRISES PTY LTD	960,277	1.05
MS SUZANNE TAYLOR	897,671	0.98
JGC PATTERSON PTY LTD	800,000	0.88
BAKER COOK ADVISORY PTY LTD	750.000	0.82
AWJ FAMILY PTY LTD	716,084	0.78
CS THIRD NOMINEES PTY LIMITED	620,100	0.68
NATIONAL NOMINEES LIMITED	582,218	0.64
BOND STREET CUSTODIANS LIMITED	441,176	0.48
TOTAL TOP 20 HOLDERS	56,341,690	61.66
OTHER HOLDERS	35,027,775	38.34
ALL HOLDERS	91,369,465	100.00

SHAREHOLDER INFORMATION - CONTINUED

D. Holders Of More Than Twenty Percent Of Each Class Of Unquoted Securities

Each unlisted option entitles the holder to acquire one fully paid ordinary share subject to the holder paying the exercise price on or before the expiry date.

The names of the holders of more than 20% of each class of options or performance shares, other than under an Employee Incentive Scheme, is set out below:

$0.20 Unlisted options expiring 17/11/2020

Mickey Raymond Perret
Number held: 300,000

$0.25 Unlisted options expiring 17/11/2020

Mickey Raymond Perret
Number held: 500,000

$0.30 Unlisted options expiring 17/11/2020

Mickey Raymond Perret
Number held: 200,000

$0.50 Unlisted options expiring 30/06/2022

George Livery
Number held: 550,000

$0.50 Unlisted options expiring 30/06/2023

George Livery
Number held: 750,000

$0.50 Unlisted options expiring 30/06/2024

George Livery
Number held: 1,000,000

$0.55 unlisted options expiring 3 years from vesting

CG Nominees (Australia) Pty Ltd
Number held: 684,230

$0.65 unlisted options expiring 3 years from vesting

CG Nominees (Australia) Pty Ltd
Number held: 684,230

$0.75 unlisted options expiring 3 years from vesting

CG Nominees (Australia) Pty Ltd
Number held: 684,230

$0.50 unlisted options expiring 25/11/2021

Stephen Thompson
Number held: 550,000

$0.47 unlisted options expiring 09/12/2022

Mark Masterson
Number held: 750,000

E. Substantial holders

As of 30 September 2020, the names of the substantial shareholders of the Company and the number of equity securities in which those substantial shareholders and their associates have a relevant interest, as disclosed in substantial shareholding notices given to the Company were as follows:

Shareholder	Number of fully paid ordinary shares held
Health & Happiness Hong Kong Limited, New H2 Limited and their related entities	14,864,865
SG Hiscock & Company	7,860,208
Joanne Patterson	6,550,000
Noir Ted Pty Ltd	4,852,329

F. Voting rights

Ordinary shares

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.

Options

All quoted and unquoted options do not carry any voting rights.

G. On-Market Buy-Back

The Company is not currently conducting an on-market buy-back.

H. On-Market Buy-Back

The Company did not purchase securities on market during the reporting period.

Bod Australia Limited
ABN 89 601 225 441
Level 1, 377 New South Head Road, Double Bay NSW 2028
T +612 9199 5018 · **E** info@bodaustralia.com