For personal use only

ASX ANNOUNCEMENT

CELLMID APPENDIX 4C – Q1 FY2021 BUSINESS ACTIVITY

Highlights for the quarter ending 30 September 2020

- **Strong consumer sales growth in Australia:** Consumer health revenue in Australia was up 47% on the previous corresponding period [1], due to a combination of strong pharmacy sales, online retail and TV shopping.

- **Shift from bricks-and-mortar to online évolis® sales in the US:** The pandemic accelerated the shift to online purchases in our US business for the quarter as retailers such as Amazon Beauty, Dermstore and Beauty Collections continued to outperform.

- **Operating profitability (NPBT) in September:** All consumer health subsidiaries including Japan, Australia and the USA were profitable in September, confirming positive operating trend.

SYDNEY, Thursday, 22 October 2020: Cellmid Limited (ASX: CDY) provides the following business activity report for Q1 FY2021.

Advangen Limited – Consumer Health

According to industry sources the online premium beauty market has grown at a faster pace than general consumer spending and functional hair care has been one of the best performers in the category. Cellmid continued to capitalise on this trend during Q1 FY2021as our focus has been to increase sales through our existing online retail channels, plus grow our e-commerce distribution partnerships.

In addition to new channels, the Company has continued to pursue new geographies and activate existing agreements that have slowed down during the pandemic. We have amended our agreement with Aeon International Pty Ltd (Aeon) to allow for better planning of product manufacture and control on marketing. Importantly, the T-mall store they will run is expected to open in December 2020, making évolis® available for cross border e-commerce shoppers in China for the first time.

Consumer health revenue continues to remain lumpy as 25% of our annual revenue comes from two TSV (Today's Special Value) sales days at QVC Japan. Having recognized 100% of sales in June from the second QVC TSV, our Q1 FY2021 revenue was $1.1 million (Q1 FY2020: $1.38 million) following record consumer revenue of $2.88 million in Q4 FY2020.

[1] All revenue figures are unaudited and calculated on foreign currency exchange rates as determined by the ATO for the month of September 2020.

CELLMID LIMITED ACN 111 304 119 ASX I CDY
Suite 204, 55 Clarence Street, Sydney NSW 2000 AUSTRALIA
TELEPHONE +61 2 9221 6830 FACSIMILE +61 2 9221 8535
WEB www.cellmid.com.au

For personal use only

Importantly, not only revenues trended up compared with the previous month but, it is pleasing to report, that all consumer health subsidiaries (Japan, Australia, and the USA) achieved profitability (NPBT) in September.

Advangen INC - Japan

Q1 FY2021 revenue in Japan was $582K (Q1 FY2020: $868K), and it followed the record high Q4 FY2020 revenue of $2.34 million, again reflecting the uneven nature of the sales due to the timing of the QVC TSVs. The disruption and uncertainty caused by the pandemic resulted in a delay in shipping to China, and it will take another quarter for the Company to catch up on orders due to the 6-months long manufacturing cycle.

The Company has been negotiating opportunities to expand export sales into China and capitalize on the large and growing demand for clinically validated, premium functional hair care brands. The Jo-Ju® and Lexilis® branded hair loss products are trademarked, have import permits and can be sold through local retail in China, representing a significantly larger market than cross border e-commerce. The local retail market in China continues to be one of the most significant growth opportunities for Cellmid.

The Japanese research team has completed development of a differentiated skin care range under the Jo-Ju® brand. According to independent studies conducted at Kyoto University the novel ingredient used in the products reduces fine lines and plumps more effectively than leading hyaluronic acid-based products by triggering the production of collagen and elastin. This will be the Company's first own brand anti-aging skin care product and follows on the strategy developed in 2019 to manufacture and sell first in class, best in class anti-aging products for hair, skin and body. The Company will advise on the official launch date for the Jo-Ju® skin care products in due course.

Advangen International Pty Ltd - Australia

Consumer health sales in Australia were up 47% in Q1 FY2021 to $461K (Q1 FY2020: $313K), also up 13% on the $409K sales in Q4 FY2020, showing overall strong growth trend. The revenue growth was primarily due to online retail partnerships such as Adore Beauty and TV shopping channel, Openshop. The national distribution partnership with Priceline has also contributed to the revenue growth as digital marketing activities and limited in-store events commenced in July 2020. Victoria, the Company's most significant Priceline territory, was in lock-down for most of the quarter.

Cellmid signed an exclusive distribution agreement in 2019 with Aeon International Pty Ltd (Aeon) for the sale of the évolis® Professional products in China (ASX announcement dated 1 October 2019). During Q1 FY2021 the Aeon agreement was amended to include the évolis® pharmacy range, and provide for specific sales requirements, as well as outline certain marketing contributions. The amendments will facilitate inventory and cashflow management during the term. Aeon has also secured the launch for the évolis® T-mall store in December 2020 through its trading partner. The évolis® pharmacy range, including the Company's signature FGF5

For personal use only

inhibitor tonics and shampoos for men and women, will be available for sale in China as a result.

One of the emerging channels for the Company's évolis® branded anti-aging products is television shopping. Australian TV shopping channel Openshop performed well during the quarter, with two live shows recorded and subsequently played in September. These shows are expected to continue into Q2 FY2020. QVC UK commenced sales of the évolis® Professional REVERSE products in September with a live show.

Advangen LLC - USA

Consumer health sales in the US were up 3% in Q1 FY2021 to $206K (Q1 FY2020: $200K), also up 60% on the $129K sales in Q4 FY2020. The shift to online sales continued during the quarter and Amazon, Dermstore, Beauty Collections and e-commerce sites of retailers including Nieman Marcus, Bloomingdales, Saks, and Macys performed well. The ratio of online to bricks-and-mortar sales is expected to continue to increase in the US.

The Company signed an agreement with premium salon distributor Tru Beauty Concepts, commencing in August, with an initial term of five years (ASX announcement dated 28 July 2020). Tru Beauty is an education hub and premium distributor for hair stylists currently servicing 40,000 salons in eleven states throughout the Northeast of the US. Whilst training of sales representatives commenced during Q1 FY2020, significant revenue will only be expected in the second half of the financial year. Under the Tru Beauty agreement, Cellmid's évolis® Professional products are listed on the Salon Interactive portal, an e-commerce platform for hair salons across the US.

Cashflow

Cash receipts in Q1 FY2021 were $2.1 million and our underlying operating cash outflows, excluding the one-off final payment for the Ikon matter and legal costs, were also $2 million. The final cost payment in relation to the Ikon legal action was provisioned for in the FY2019 and FY2020 accounts and represents a one-off, non-recurring obligation. The most significant areas of cash outflows remained staff costs of $854K and administrative and corporate costs of $965K for the quarter, both slightly up on the previous quarter as the business returned to ordinary operations. In addition, the Company's cash outflows included marketing and advertising amount of $188K and product manufacturing of $179K. Related party payments totaling $156,000 have been made during the quarter comprising of executive and non-executive directors' fees and salaries for the board members of Cellmid.

Lyramid – funding and partnership activities

As noted in the ASX Announcement dated 10 September 2020, the Company has appointed C14 Consulting and PharmaVentures Limited to actively search for partners or buyers for its biotech assets. Cellmid is conducting preliminary negotiations with

For personal use only

some parties and will advise the market on any material developments in relation to the divestment program in due course.

SARS-CoV-2 testing

During Q4 FY2020 and Q1 FY2021 Cellmid secured a broad range of SARS-CoV-2 tests, which it can offer to its customers, including antibody and nucleotide tests, as well as laboratory based and point of care (POC) assays (see ASX announcements 4 June 2020, 2 July 2020 and 9 July 2020). Driven by policy, markets for SARS-CoV-2 tests continue to evolve and there currently is no clear directive from the Government on when different testing modalities, such as antibody and rapid antigen tests, might best be implemented. Cellmid will continue to monitor the opportunities in Australia and overseas, however the Company has not recorded material revenues and cash outflows during this transitional period.

Update on the impact of COVID-19 pandemic

As previously foreshadowed, the COVID-19 pandemic is expected to have diminishing impact on the Company's consumer health business from 2Q FY2021 onwards, especially as governments globally appear reluctant to implement severe restrictions on the population and as online shopping continues to flourish. We expect continued growth in all our online channels throughout FY2021, both through the e-commerce of our partners and through our own infrastructure.

We continue to participate in the federal and state governments' COVID-19 support initiatives when eligible. Our team members are working from our offices in all of our locations as we continue to implement increased hygiene measures and physical distancing between working stations.

Approved for release by the Board of Directors.

End

Contact:
Maria Halasz, CEO
T +612 9221 6830
@mariahalasz

Cellmid Limited (ASX: CDY)

Cellmid is an Australian life sciences company with a consumer health business and biotech assets in development. Advangen Limited is Cellmid's wholly owned subsidiary engaged in the development and sale of first in class, best in class, clinically validated anti-aging products for hair, skin and body. For further information, please see www.cellmid.com.au and www.evolisproducts.com.au. Cellmid's wholly owned subsidiary, Lyramid, develops innovative novel therapies and diagnostic tests for age related diseases including inflammatory and autoimmune conditions. Most recently, the Company commenced sale of a point of care antibody test for SARS-CoV-2 .

Forward looking statements

This announcement may have forward-looking statements that are subject to risks and uncertainties. Such statements involve known and unknown risks that may cause the actual results, performance or achievements of Cellmid to be materially different from the statements in this announcement. Actual results could differ materially depending on factors such as the availability of resources, regulatory environment, the results of marketing and sales activities and competition.

For personal use only

CELLMID LIMITED ACN 111 304 119 ASX I CDY
Suite 204, 55 Clarence Street, Sydney NSW 2000 AUSTRALIA
TELEPHONE +61 2 9221 6830 FACSIMILE +61 2 9221 8535
WEB www.cellmid.com.au

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

For personal use only

Name of entity	
CELLMID LIMITED	
ABN	**Quarter ended ("current quarter")**
69 111 304 119	**30 SEPTEMBER 2020**

Consolidated statement of cash flows		**Current quarter (3 months) $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	2,087	2,087
1.2	Payments for		
	(a) research and development	(62)	(62)
	(b) product manufacturing and operating costs	(179)	(179)
	(c) advertising and marketing	(188)	(188)
	(d) leased assets	-	-
	(e) staff costs	(854)	(854)
	(f) administration and corporate costs	(965)	(965)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	8	8
1.5	Interest and other costs of finance paid	(14)	(14)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	126	126
1.8	Other (Final payment of Ikon legal action and legal fees)	(1,407)	(1,407)
1.9	**Net cash from / (used in) operating activities**	**(1,448)**	**(1,448)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(3)	(3)
	(d) investments	-	-
	(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter (3 months) $A'000	Year to date (3 months) $A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(3)**	**(3)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings & leasing	(159)	(159)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)		
3.10	**Net cash from / (used in) financing activities**	**(159)**	**(159)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	6,970	6,970
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,448)	(1,448)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3)	(3)

For personal use only

Consolidated statement of cash flows		Current quarter (3 months) $A'000	Year to date (3 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(159)	(159)
4.5	Effect of movement in exchange rates on cash held	15	15
4.6	**Cash and cash equivalents at end of period**	**5,375**	**5,375**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	5,240	6,835
5.2	Call deposits	135	135
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**5,375**	**6,970**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	156
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

For personal use only

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	1,263	1,263
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	1,263	1,263

7.5	**Unused financing facilities available at quarter end**	0

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Japan

Unsecured 10 year loan with Keiyo Bank; $1,132,338 (JPY 84.9M) at 1.20% - 1.50% p.a with various maturity dates:

- JPY 16.0M – 25 September 2024
- JPY 32.1M – 25 March 2025
- JPY 27.8M – 12 March 2028
- JPY 9.0M – no specific maturity date

Unsecured 5 year loan with Chiba Bank; $4,187 (JPY 314,000) at 2.10%, maturing 11 November 2020.

Australia

Insurance Premium Funding with Attest Finance Pty Ltd; $126,545 at 4.61% payable by 30 April 2021.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,448)
8.2	Cash and cash equivalents at quarter end (item 4.6)	5,375
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	5,375
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	3.7

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

For personal use only

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 22 October 2020.....

Authorised by: **Audit Committee – Cellmid Limited**.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

For personal use only