

ASX ANNOUNCEMENT

CELLMID NOTES TO THE APPENDIX 4C

Highlights for the quarter ending 30 June 2019

- **Consumer health sales growth of 39% in FY2019:** Cellmid generated total consumer health sales of \$7.3 million in FY2019, up 39% from \$5.3 million in FY2018 with double digit revenue growth across Australia, Japan and the US. Total revenue in FY2019 was \$8.3 million, up 29% from \$6.5 million in FY2018.
- **Investing in future revenue growth:** In Q4 FY2019, Cellmid increased investment in advertising and marketing across sales channels, primarily e-commerce, to reflect our intensifying focus on direct to consumer sales.
- **Improving operational performance:** With revenue growth and stable overheads our operating efficiencies are also improving, targeting profitability in our consumer health business in FY2020.

SYDNEY: Friday, 26 July 2019: Cellmid Limited (ASX: CDY) provides the following notes to its Appendix 4C Quarterly Cash Flow report for the fourth quarter of the 2019 financial year (Q4 FY2019).

Cellmid generated \$2.45 million¹ in sales in Q4 FY2019 (up 83% from \$1.34 million in Q4 FY2018), including \$1.14 million from the sales event on the TV shopping channel QVC in Japan on 16 June 2019. Approximately 80% of the 4Q sales will be paid in July, hence this result is not reflected in the Q4 FY2019 quarterly cashflow statement.

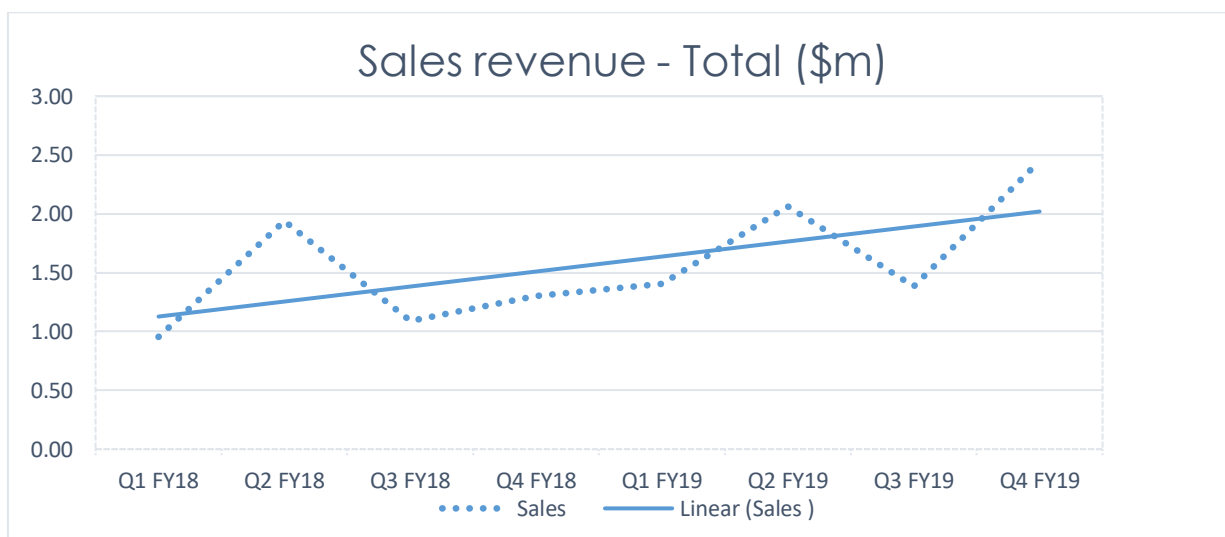


Figure 1. Advangen quarterly sales revenue from the beginning of FY2018

¹ Unaudited, using weighted average interest rates

Cellmid generated total consumer health sales of \$7.3 million in FY2019, up 39% from \$5.3 million in FY2018. Compared with FY2018 sales increased 89% in the US, 41% in Japan and 17% in Australia. Total revenue and other income in FY2019 was \$8.3 million, up 29% from \$6.5 million in FY2018.

In Q4 FY2019, Cellmid increased its investment in advertising and marketing to \$604K, which represents roughly half of the annual spend in FY2019. This investment was across all sales channels, with most spent in e-commerce, and is consistent with plans to drive sales growth primarily from direct to consumer channels.

Significant investment has also been made in inventory in 4Q FY2019 in preparation for a major QVC Japan sales event in November 2019.

Cellmid continues to have marked variation in its quarterly cashflows, where typically the fourth quarter has the highest cash outflow, reflecting the timing of major sales events and the inventory management cycle.

In 4Q FY2019 cash outflows included new product development and production costs for the evolix® STYLE and TREAT dry shampoo, which will be launched in the US in partnership with Neiman Marcus in September, and in Australia in early 2020.

Despite the cash variations, the operating performance of the Company continues to improve. In FY2019, excluding the impact of one-off items and net of overheads, we expect an operational loss of less than \$1 million². We remain confident that our revenue growth and operating leverage will lead to profitability in our consumer health business in FY2020.

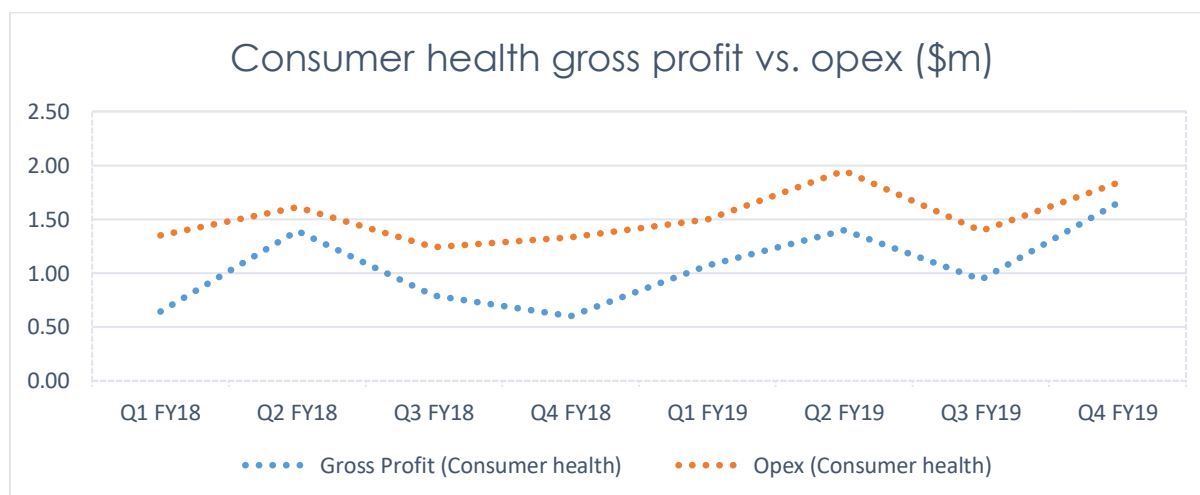


Figure 2. Consumer health gross profit vs. operational expenditure (\$M)

² Unaudited



Outlook for FY2020

Cellmid enters FY2020 with strong sales momentum across all geographies and sales channels. We are intensifying our focus on partnerships with retailers for brand endorsement and direct to consumer channels for sustained sales.

We will continue to invest in advertising and marketing for future revenue growth and our operational performance continues to improve as we track towards profitability in the consumer health business.

Near term value creating opportunities include expansion into Europe, national retail partnership in Australia and commencing sales of evolis® in China and other parts of Asia, whilst we continue to focus on our e-commerce platform to increase direct to consumer sales globally.

CONTACT

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Cellmid Limited (ASX: CDY)

Cellmid is an Australian life sciences company with a consumer health business and biotech assets in development. Advangen 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. Advangen has a range of FGF5 inhibitor hair growth products which are sold in Australia, Japan, USA and China. Advangen has a rich portfolio of hair growth and anti-aging hair care assets which include formulations of products on market, trademarks, patents and patent applications, proprietary assays and manufacturing processes. For further information, please see www.cellmid.com.au and www.myevolis.com.au.

Cellmid also has two wholly owned subsidiaries, Lynamid and Kinera, which develop innovative novel therapies and diagnostic tests for fibrotic diseases, cancer and ischemic diseases of the heart. Cellmid holds the largest and most comprehensive portfolio of intellectual property relating to the novel targets midkine (MK) globally.

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.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

CELLMID LIMITED

ABN

69 111 304 119

Quarter ended ("current quarter")

30 JUNE 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,304	6,381
1.2 Payments for		
(a) research and development	(255)	(848)
(b) product manufacturing and operating costs	(645)	(2,493)
(c) advertising and marketing	(604)	(1,274)
(d) leased assets	-	-
(e) staff costs	(1,032)	(3,874)
(f) administration and corporate costs	(576)	(4,466)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	14	76
1.5 Interest and other costs of finance paid	(35)	(263)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	18	826
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,811)	(5,935)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(38)	(66)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) 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	(38)	(66)

3.	Cash flows from financing activities		
3.1	Issues of shares/(buy-back)	(72)	9,996
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(471)
3.5	Proceeds from borrowings	133	-
3.6	Repayment of borrowings	-	(1,987)
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	61	7,538

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	4,857	1,608
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,811)	(5,935)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(38)	(66)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	61	7,538

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
4.5	Effect of movement in exchange rates on cash held	13	(63)
4.6	Cash and cash equivalents at end of quarter	3,082	3,082

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,082	4,857
5.2	Call deposits	-	-
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)	3,082	4,857

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	122
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
NIL		

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	50
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
NIL		

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	1,287	1,287
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
<u>Australian Facilities</u>		
Hunter Premium Funding A\$132,315	Interest Rate 5.20%	Unsecured
<u>Japanese Facilities</u>		
Keiyo Bank Ltd JPY88,445,000(A\$1,118,692)	Interest Rate 1.50%	Unsecured
Chiba Bank Inc. JPY2,819,000 (A\$35,652)	Interest Rate 2.10%	Unsecured

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(150)
9.2 Product manufacturing and operating costs	(350)
9.3 Advertising and marketing	(400)
9.4 Leased assets	-
9.5 Staff costs	(1,100)
9.6 Administration and corporate costs	(560)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows (not including cash inflows from product sales)	(2,560)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	NIL	NIL
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

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.

Sign here:

Date: 26 July 2019

(CEO / Managing Director)

Print name: Maria Halasz

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.