



FY2019 Financial Results

28 August 2019

ASX: CDY



CELLMID

Accelerating sales of clinically proven hair loss products in Japan, the USA, China, Australia, Europe and Asia

Forward looking statements

This presentation contains 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 presentation. Actual results could differ materially depending on factors such as the availability of resources, regulatory environment, the results of advertising, sales activities and competition.

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- Section 1:** Financial highlights
- Section 2:** Advangen segment report
- Section 3:** Investing in growth
- Section 4:** Lyramid segment report
- Section 5:** Upcoming milestones





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SECTION 1: FY2019 HIGHLIGHTS

CONSUMER HEALTH – FY2019 HIGHLIGHTS

AUD\$M	FY2019	FY2018	Change year on year
Consumer Health Revenue	7.34	5.65	up 30%
Consumer Health Revenue Growth	30%	25%	up 5 pts
Underlying Consumer Health Revenue (like for like basis)*	7.34	5.28	up 39%*
<i>Cost of Goods Sold</i>	(2.14)	(2.16)	down 1%
<i>Selling and Distribution Expense</i>	(1.53)	(1.23)	up 24%
<i>Other Expenses</i>	(4.4)	(3.5)	up 26%
Consumer Health Operating Loss	(0.7)	(1.2)	down 42%

- **Accelerating underlying sales growth:** Underlying consumer health revenue increased by 39%* to \$7.34m, up from 25% revenue growth in FY2018, on a like for like basis
- **Improving operating performance:** The consumer health operating loss reduced by 42% to \$0.7m, down from \$1.2m in FY2018. This reflects strong consumer health revenue growth and disciplined cost control. Gross margins improved from 61% in FY2018 to 68% in FY2020
- **Investing in future growth:** Significant investment across the business laid the foundation for sustainable recurring earnings in FY2020 and beyond:
 - Investment in a senior management team capable of delivering on sales and profitability objectives;
 - Investment in new distribution channels and scaling into existing partnerships;
 - Significant investment in e-commerce and digital marketing;
 - Investment in securing the supply chain; and
 - Investment in operational efficiency

*In FY2018 all discounts and rebates have been expensed, while in FY2019 these have been deducted from top line revenue. Consequently, underlying consumer health revenue increased by 39% in FY2019 on a like for like basis. There was no impact on net profit/loss as a result.

- Cellmid expects consumer health revenue growth to continue in FY2020 as a result of the full year impact of distribution channels established in FY2019, and new channels coming online.
- Cellmid expects the consumer health business to be profitable at the operating level in FY2020.

CONSOLIDATED – FY2019 HIGHLIGHTS

AUD\$M	FY2019	FY2018	Change year on year
PROFIT & LOSS			
Total Reported Revenue	8.35	6.83	up 22%
Total Adjusted Reported Revenue*	8.35	6.53	Up 29%
Operating Loss	(3.04)	(2.71)	up 12%
Reported Net Loss After Tax	(5.90)	(3.73)	up 58%
Net Operating Loss After Tax**	(3.04)**	(2.71)	up 12%
BALANCE SHEET			
Cash	3.08	1.60	up 92%
Trade and Receivables	2.28	1.03	up 120%
Inventories	1.62	1.18	up 37%
Total Current Assets	7.23	4.16	up 74%
Total Loans and Borrowings	1.28	3.17	down 59%
Net Assets	5.86	1.86	up 3X

- **Strengthened balance sheet:** In September 2018, Cellmid completed a \$10m capital raise. These funds were used to invest in future growth, repay debt and liabilities and strengthen the balance sheet
- **Cash balance:** The cash balance since 30 June 2019 remains stable as a result of large June receivables
- **Receivables:** The increase in receivables to \$2.3m in FY2019 from \$1.0m in FY2018 reflects the record sales day with QVC Japan in mid June
- **Building inventories:** Over the past six months, the Company has invested heavily in new distribution channels and has grown inventories to support future growth
- **Reduced debt:** Total loans and borrowings decreased to \$1.28m in FY2019, from \$3.17m in FY2018, after repayment of a \$2 million loan facility
- **Threefold increase in net assets:** Net assets increased threefold over the past year to \$5.86m in FY2019 from \$1.86m in FY2018

*In FY2018 all discounts and rebates have been expensed, while in FY2019 these have been deducted from top line revenue. Consequently, underlying consumer health revenue increased by 39% in FY2019 on a like for like basis. There was no impact on net profit/loss as a result.

** Excluding \$2.6m one-off legal costs incurred in FY2019



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SECTION 2:
CONSUMER HEALTH
SEGMENT REPORTING



AUD\$M	FY2019	FY2018	Change
Reported Revenue	5.93	4.23	up 40%
Operating Profit	1.66	0.71	Up 134%

FY2019 Highlights

- Japanese consumer health revenue increased by 40% in FY2019 and accounted for over 80% of total consumer health sales
- Sales on television shopping channel, QVC, continued to grow during FY2019 with two sales days delivering over \$1m revenue each (30 Nov 2018 and 16 June 2019)
- The Jo-Ju® branded FGF5 inhibitor products for women remain the largest single brand for the Group
- A significant uplift in sales was also achieved from the partnership with Chinese distributor, Huana Likang, responsible for selling the Lexilis® brand, as well as locally packaged bulk supplied products for men
- The barbershop network continued to distribute via Japan's largest wholesaler Nichiri

FY2020 Expansion Opportunities

- **évolis® e-commerce:** The évolis® e-commerce platform was launched in Japan in August 2019 with significant growth potential in FY2020
- **Jo-Ju® and Lexilis® e-commerce:** Continue to improve e-commerce interface for our heritage brands, Jo-Ju® and Lexilis®
- **Export sales:** Increasing sales of heritage brands into China and other parts of Asia with significant opportunities through cross border shoppers.





AUD\$M	FY2019	FY2018	Change
Reported Revenue	993K	1.21	down 18%*
Operating Loss	(1.5)	(1.7)	down 12%

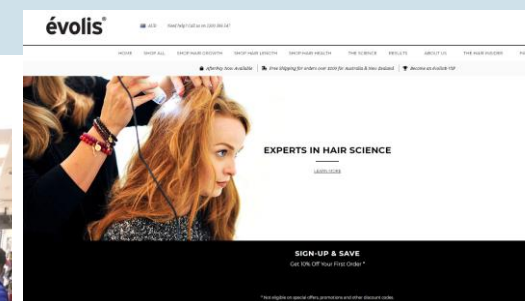
FY2019 Highlights

- Australian consumer health revenue decreased by 18% in FY2019
- Overall performance improved with losses down 12%
- Pharmacy footprint reduced to focus on profitable channels only
- Operational profitability was improved in FY2019 by not participating in third-party discounting campaigns
- In FY2019, Cellmid launched its commercial e-commerce platform that is more user friendly and capable of connecting and communicating with customers much more effectively
- The Australian operations also fund international business development activities, including the recently secured European import permits

*In FY2018 all discounts and rebates have been expensed, while in FY2019 these have been deducted from top line revenue. Consequently, underlying Australian consumer health revenue increased by 17% in FY2019 on a like for like basis. There was no impact on net profit/loss as a result.

FY2020 Expansion Opportunities

- **National distribution partner:** Cellmid continues to advance contract negotiations with a national distribution partner and plan to finalise a deal in FY2020
- **Continued expansion of e-commerce:** Cellmid continues to invest in its e-commerce, digital marketing and social media infrastructure and capability to increase brand awareness and grow the e-commerce subscription recurring revenue base





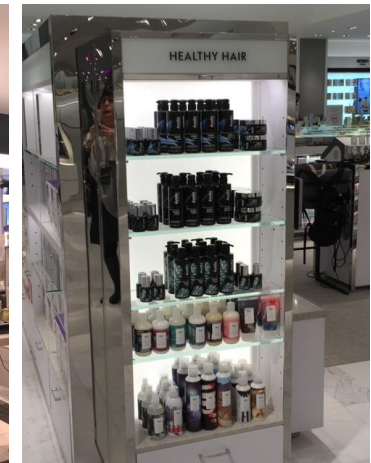
AUD\$M	FY2019	FY2018	Change
Reported Revenue	0.4	0.2	up 102%
Operating Loss	(0.9)	(0.3)	up 220%

FY2019 Highlights

- Consumer health sales doubled in the US in FY2019 to \$400K. We heavily invested in this channel in FY2019 leading to an operating loss of \$0.9m
- The retail partnership with Neiman Marcus expanded from first sales in September 2018 to 22 stores to date
- The business model in premium retail is to launch each Neiman Marcus store with an experiential marketing event conducted in collaboration with sales staff. These events are supported by social and digital advertising
- Bloomingdales rolled out its Wellchemist department in eleven of their 65 retail stores to date
- The ongoing US public relations campaign delivered news on évolis® to approximately 120 million potential readers including Forbes, Allure, New Beauty, msn.com, Readers Digest in FY2019

FY2020 Expansion Opportunities

- **Scaling into existing channels:** Roll-out évolis® into additional Neiman Marcus stores in FY2020
- **Continued expansion of e-commerce:** Cellmid continues to invest in its e-commerce, digital marketing and social media infrastructure and capability to increase brand awareness and grow the e-commerce subscription recurring revenue base
- **Salon distribution:** Continued engagement with salon wholesalers with significant revenue uplift in 2H of FY2020
- **Continued investment in US PR:** We will broaden our PR and influencer outreach during FY2020 to increase brand awareness and generate traffic to our e-commerce platforms





FY2019 Highlights

- Fukangren, the Group's exclusive distributor in China for the évolis® branded tonics and shampoos, has been pursuing regulatory submissions for the products since May 2018. Application for the tonics were submitted in early 2019.
- Subject to receiving the approvals, Fukangren will be required to order minimum product quantities to maintain market exclusivity for the products in China
- Cross border e-commerce commenced in FY2019 with our heritage brands and expected to extend to évolis® Professional



FY2020 Expansion Opportunities in ASIA

- **South Korea distribution agreement:** In August 2019, Cellmid signed an exclusive distribution agreement with Korean marketing company, K2B for the sale of évolis® hair loss products in South Korea
- **Expansion:** Other near term opportunities exist for expansion in Cambodia and Vietnam
- **QVC China:** QVC China continues to be an important component of our Chinese strategy





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SECTION 3:
INVESTING IN
FUTURE GROWTH

INVESTMENT IN SENIOR MANAGEMENT IN FY2019

* Hired in FY2019



Maria Halasz | CEO and Managing Director

STRATEGY

BUSINESS DEVELOPMENT

LIFE SCIENCES

With 24+ years in the sector Maria started in corporate finance specialising in life sciences before joining Cellmid eleven years ago as CEO. Maria led the acquisition of the company's current portfolio of midkine and FGF5 inhibitor assets.



Ko Koike | Managing Director, Advangen Inc

BUSINESS DEVELOPMENT

STRATEGY

With over 27 years of experience working in cross border business development roles for a number of Australian and Japanese healthcare companies Ko brings strong strategic and corporate development skills to Advangen.



Dr Dominic Burg | Director of Operations

DATA ANALYTICS

REGULATORY

LIFE SCIENCES

Dominic is an experienced scientist and an accomplished science communicator with a background in large multi-national projects in translational medicine. Dominic has successfully transitioned his analytical and operational skillset towards directing the logistics, manufacture and regulatory affairs of Cellmid.



Dr Graham Robertson | Head of R&D

LIFE SCIENCES

R&D

Graham is an accomplished scientist and researcher with a career spanning four decades. Graham has a thorough knowledge and understanding of biological and pathophysiological processes incorporating both clinical studies and diverse experimental approaches. He has published ~60 papers with >3,000 citations and is an acknowledged expert on midkine.



Raj Ghatge* | Marketing Director

BRAND BUILDING

E-COMMERCE

Raj has over 25 years experience in branding and marketing in the beauty and hair care industries internationally, working with industry leaders such as L'Oreal. He has built and taken several brands through significant growth. He specializes in e-commerce.



Gary McCaw* | Sales Director

SALES LEADERSHIP

PHARMACY / RETAIL

Gary has 30 years experience in sales, most of this in pharmacy sales in Australia. He is a well respected sales leader and educator focused on people development and growth. Gary is a highly skilled negotiator and has managed key accounts and national teams for major pharmaceutical companies such as Alphapharm .



Dr Bart Wuurman* | CEO (Lyramid)

LIFE SCIENCES

COMMERCIALISATION

Bart has over 30 years' experience in innovative drug development, biotech financing, business development and licensing. He has extensive experience in working with R&D based companies in pharmaceutical product development in several therapeutic areas, including cancer, fibrosis and cardiovascular disease.



Bryan McGee* | COO (USA)

BUSINESS DEVELOPMENT

OPERATIONS

Brian McGee is an accomplished executive with 30 years' experience in sales, marketing and operations in beauty and hair care. During his career he has managed sales teams and operations of some iconic hair care brands including Aveda and, as Chief Operating officer, pioneered the omnichannel retailing of hair colour brand dpHUE. Brian has a successful track record in bringing international brands to the USA.











INVESTMENT IN OPERATIONS IN FY2019

Strategic objectives	1. Diversify Revenue Growth	2. Expand e-commerce	3. Expand leadership team	4. Secure supply chain	5. Invest in operational efficiency	6. Prepare for separation of businesses
FY2019 Investment in GROWTH	<p>Continue to expand market penetration in the US, China, Japan, Australia, NZ, South East Asia and Europe leading to profitability of consumer health business in FY2020</p>	<p>Strong focus on building brand awareness and unique selling points of évolis® to deliver personalised products, build direct relationships with customers and expand digital sales channels</p>	<p>Appointed senior team with extensive international experience in branding, marketing and sales in the beauty/health categories, capable of executing sales strategy</p>	<p>Ongoing innovation in products and operations to improve efficiencies in manufacturing, shipping and distribution</p>	<p>Internal program to transition to automated systems with integrated logistics, inventory and accounting management with multi-currency capability</p>	<p>Continue to grow consumer business to reach critical size and complete clinical development plan for midkine portfolio in order to separate biotech and consumer health assets</p>
	<ul style="list-style-type: none"> ✓ Increased US store presence/sales ✓ Commenced US spa roll-out ✓ Launched QVC China ✓ Fukangren regulatory application filed ✓ Gained import permits for Europe ✓ Increased sales to NZ ✓ Renegotiated Huana Likang agreement for increased sales ✓ New products 	<ul style="list-style-type: none"> ✓ New évolis® website launched ✓ New auto-replenishment and VIP customer system launched ✓ E-commerce sales increased 3-fold in Australia in two months ✓ Improved customer profiling with new CRM ✓ e-commerce launch in Japan in July 2019 	<ul style="list-style-type: none"> ✓ New AU Sales Director ✓ New Global Marketing Director ✓ New Lyramid CEO ✓ New US COO 	<ul style="list-style-type: none"> ✓ USA manufacturer identified to reduce COGS ✓ Reduced packaging costs by buying greater volumes of packaging ✓ New mass market product in development with savings in manufacture and packaging 	<ul style="list-style-type: none"> ✓ Implemented MYOB cloud as an interim system for seamless accounting between AU and USA ✓ Targeting shift to new accounting, logistics and inventory system in 2H FY2020 	<ul style="list-style-type: none"> ✓ New CEO of Lyramid ✓ Activated partnering discussions ✓ Implemented license between Lyramid and Cellmid ✓ Commenced structural separation of the consumer health and biotech businesses

INVESTMENT IN E-COMMERCE IN 2HY2019

2HY2019 e-commerce activities:

- In 2HY2019, Cellmid invested in its e-commerce infrastructure and digital marketing capabilities making significant progress
- The full benefits of this investment will flow through to sales in FY2020
- The new évolis® website was launched in 2HY2019 www.evolisproducts.com.au
- E-commerce sales are increasing in Australia and the US
- New subscription functionality (orders auto-replenishment) launched
- New évolis® VIP Rewards program launched
- Improved customer segmentation with new CRM
- Improved customer data analytics and targeting through RFM analysis
- Launched e-commerce for évolis® in Japan in July 2019

Actioned in 2HY 2019	Partner
New commercial platform	
Introduced AfterPay	
Introduced orders auto-replenishment	
Introduced rewards program	
Linked to NPF (3PL)	
Linked to MYOB	
Introduced new CRM program	
Introduced automation sequencing	
Appointed Digital agency	
Appointed Social Media agency	

INVESTMENT IN BRAND AWARENESS IN FY2019



marie claire

These Shampoos Will Make Your Hair Grow, According to Stylists and Derms

Long hair starts with a healthy hair regimen.

PROMOTE SHAMPOO

évolis Professional
naimanmarcus.com
\$28.00

[shop it](#)

Kendall Dersery, stylist to the stars (think: Beyoncé Taylor, Cardi B., Bella Hadid), says this is the very best shampoo for hair growth. Here's why: "It's specially formulated with a blend of actives and antioxidants such as baobab, rosa multiflora and swertia chirata to block the production of FGF5, a protein that causes hair loss," he explains. "This line was developed by hair

ELLE

Beat Itchy, Flaky, Dry Scalps With These 10 Shampoos

Prevent Shampoo

évolis Professional
naimanmarcus.com
\$28.00

[SHOP NOW](#)

Check full of botanical ingredients like anti-inflammatory swertia and antioxidant-rich mangosteen, this shampoo promotes healing, and not only for the ends of your hair but the scalp, too.

COSMOPOLITAN

Why Am I Losing My Hair in My 20s?

Alright, it is just me, or is everyone you know complaining about hair loss, right now? Like, seriously, after I hit 20, my entire friend group and I noticed we were shedding way more hair than normal. Quarter-life crisis aside, it had us wondering: Do you actually lose more hair as you enter your 20s, or are you just more aware of your body as you get further and further away from your teen years? Since I am very much not a doctor, I brought my assets to technology: Dominic Bugg, chief scientist at **évolis Professional**, to figure out if that clump of hair in my shower drain is considered a concerning amount. I actually have reasons to be concerned, but I should just calm down. First thing's first: Hair loss in a face-up cycle—just not just. It grows, it rests, it falls, and then it regrows. And because there are a number of different genes involved in this cycle, it's super easy to upset the process, says Bugg. Lucky you, still, even though there are a ton of reasons someone may be experiencing hair loss, these are the most common:

1. Extreme Dieting Yes, yes, we all know the importance of eating a balanced diet, but you probably didn't know that your diet can directly affect your hair growth. "If you're restricting your body of nutrients, it will shift energy away from your hair and divert it to your vital organs, like your heart, lungs, or brain," says Bugg. "That just isn't ideal for survival, but it's very energy intensive. Transition Hair requires a lot of energy to grow, and if you aren't eating enough protein, iron, vitamins, and fatty acids, you're basically guaranteeing some hair loss or thinning (which, by the way, you won't notice for about three months, after your hair has passed through its resting and falling phase)."

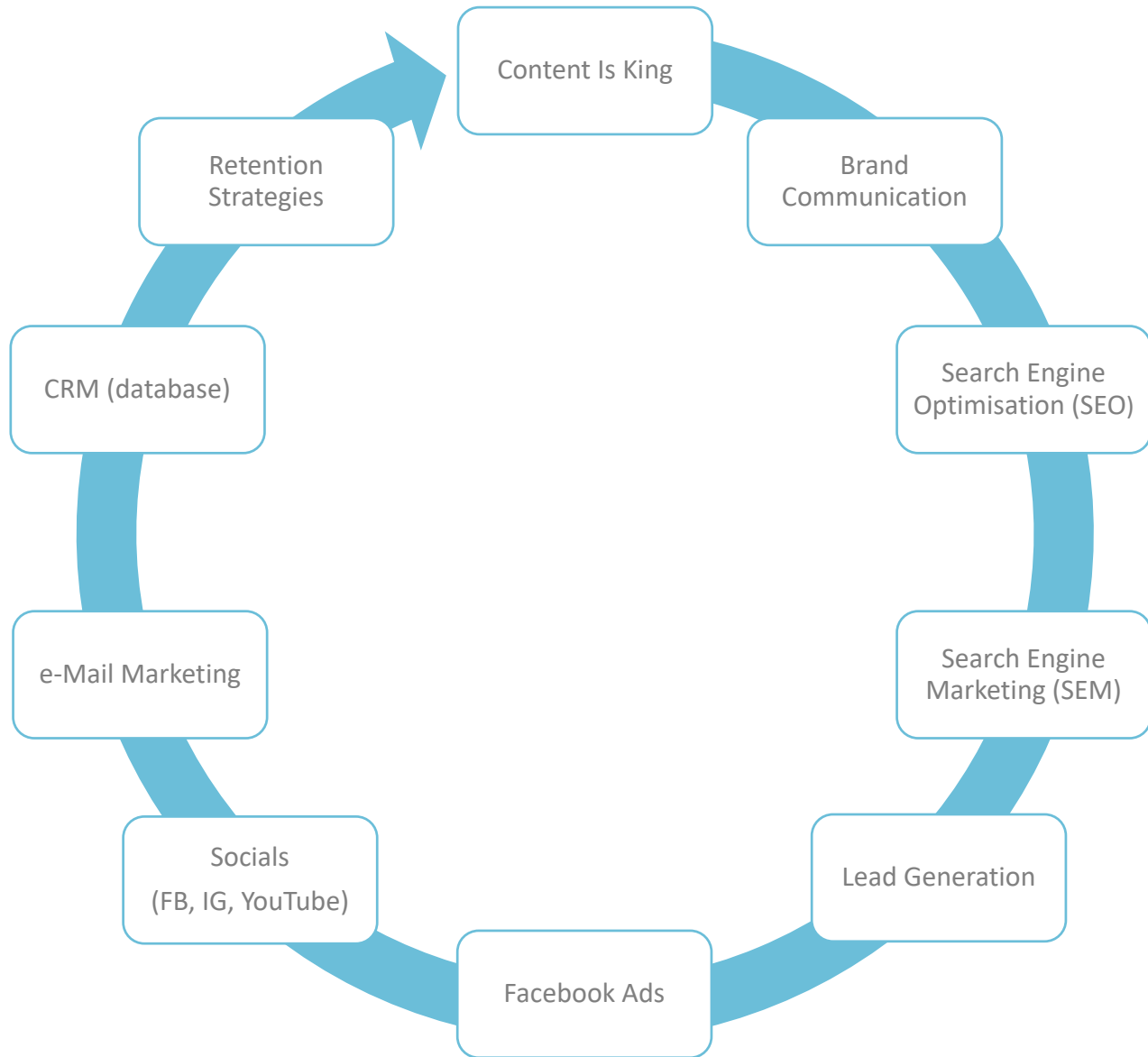
2. Stress

Uh, yeah, sleeping next to your phone so you can answer your boss's emails at night definitely isn't doing any favors for your hair. According to Bugg, stress (whether it's chronic or sudden) can slow down the hair cycle. When your body produces a hormone called cortisol, which can prematurely push your hair into its resting phase (i.e., when the hair isn't growing), hormonal changes happen! Hormones also play a role in your hair cycle. Some women are more sensitive to hormonal changes than others, says Bugg, but changing or starting a new birth control can definitely impact your hair growth and hair loss. "Hormones are really important in the hair cycle," he says. "Changing your birth control pills can cause hair loss in some women, and it often takes a couple rounds of pills to find one that works for you." The same goes for pregnancy, too. "The high levels of estrogen and progesterone during pregnancy can make your hair grow faster and shed faster," he says. "But when the baby is born, those levels drop dramatically, and you'll typically see some hair fall three months later." But, hey, at least you've got a cute little baby to distract you, right? **4. Medical Conditions and Genetics** It's probably the most amount of medical reasons that could contribute to hair loss are thyroid—and the only way to get a definitive answer is to see your doctor as a rheumatologist (and, nope, a lot of night anxiety-induced Google search does not count). If you eat a balanced diet, live relatively stress-free, and haven't had any major hormonal changes or pregnancies, yet you're still noticing hair loss, the next step is to make an appointment with your doc.

Medical conditions aside, early onset hair loss can also be hereditary. Bugg says it's more of a myth that hair loss can be passed down from either your mother or father—if you've got a grandmother on one or either side of your family with thinning hair, there's a chance you can have it, too. Love you, Aunt! It's the question I ask myself most mornings. How exactly do you figure out if your hair is actually thinning, or if you're just shedding a little more than usual? You lose about 40-100 hairs every day, which is about 4.000 percent of your hair," says Bugg. "Now, when you notice that amount doubling or tripling, that's an indication that your hair cycle is too short." Remember: If your hair cycle speeds up, it goes through its resting and falling stages too quickly, which can lead to less hair on your pretty little head.

So Your Hair Is Definitely Thinning—Here's What Comes Next First thing's first: Turn back the clock about three months and see if anything major happened in your life. If you've experienced a huge amount of stress or had a significant change in diet, there's a good chance it'll line up with your hair loss. The good news? Diet and stress-related hair loss are both relatively easy to correct if you catch them early enough. That said, Bugg recommends seeing a professional who can help identify next steps. Usually, patients are prescribed topical solutions and medications (the most common being Rogaine), though they're known to have side effects like scalp or eye irritation, along with unwanted hair growth if you apply it incorrectly, and should always be used under medical supervision. Just keep in mind that these vital hair-growth vitamins you're seeing all over your Instagram are not solutions for hair loss. "Don't buy into the hype of these miracle pills that promise a change overnight," says Bugg. "Hair growth takes time—about half an inch a month. Even hair loss treatments that work take time, so you usually won't see results for three to four months." The silver lining? Even though hair loss and thinning is complex, it's relatively simple to monitor down potential causes. Eat healthily, de-stress when you can, and closely monitor how much hair you're losing before concerning yourself with a serious problem. And if there is a genuine concern, look up an appointment with a rheumatologist or dermatologist. That loss is a lot more common than most women realize," says Bugg. "There are really good solutions out there and they are getting better all the time."

INVESTMENT IN DIGITAL MARKETING IN FY2019





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SECTION 4:
LYRAMID
SEGMENT REPORTING

LYRAMID – FY2019 HIGHLIGHTS

- **Consolidation of assets:** In preparation for the separation of the biotech and consumer health assets, all midkine related assets and patents were consolidated in a single subsidiary, Lyramid Ltd.
- **New Lyramid CEO:** In June 2019, Cellmid appointed Bart Wuurman as CEO of Lyramid to accelerate partnering discussions and explore opportunities to fully exploit the midkine assets.
- **Increase intellectual property portfolio value:** In FY2019, Cellmid's patent portfolio for midkine assets increased to 58 with 14 patent applications under examination. It is the largest IP portfolio globally around midkine.
- **New antibodies:** In FY2019, two new humanized midkine antibodies were developed, in addition to CAB102.
- **Pre-clinical programs :** A crucial pre-clinical program in FSGS was completed and delivered promising efficacy results for CAB102. The development and commercialization of diagnostic and therapeutic products for the management of diseases such as cancer and various chronic inflammatory conditions continued.
- **Ongoing research collaboration:** Lyramid continued to collaborate with research groups and companies in various clinical indications to increase the underlying value of the midkine asset portfolio.

Cellmid's strategy is to unlock shareholder value by separating the consumer health and biotech business



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SECTION 5:
UPCOMING MILESTONES

UPCOMING MILESTONES

- Distribution agreements in new territories and channels
- Expansion of e-commerce in all key markets
- European distribution partner sales to commence
- Chinese regulatory approval and sales to commence
- Chinese distribution of heritage brands to expand
- Progress on midkine partnership/funding
- Retail partnership in Australia





CDY – FOCUS ON GROWING SHAREHOLDER VALUE

- Accelerating sales and effective cost management expected to deliver operating profitability for the consumer health business in FY2020
- Focus on separating Advangen and Lyramid in FY2020 to unlock shareholder value in both businesses
- Strong management team and board are executing on the sales and marketing strategies to enter new markets and broaden sales channels
- Extensive IP portfolio to protect scientific innovation behind market leading natural hair loss product range