CELLMID

ASX ANNOUNCEMENT

CELLMID APPENDIX 4D – 1H FY2021 BUSINESS ACTIVITY

Highlights for the half year ending 31 December 2020

- **Chinese distribution secured for all branded products:** During the half year to 31 December 2020, Cellmid signed a ten-year, exclusive distribution agreement with Ourui Health Management (OHM) [1] and an amended agreement with Aeon International Pty Ltd[2] covering the distribution of all its brands to China. Product shipments under both agreements have since commenced according to agreed targets.

- **Increased investment into ecommerce resulted in improvement in online performance:** Performance indicators, including conversion rates, number of transactions, average transaction size and total online revenue, continued to improve for the Company's online business in the USA and Australia. Online sales through third party channels have also increased significantly.

- **Lyramid divestment:** An active divestment program was implemented in relation to the biotech assets, including the changing of the intellectual property license between Cellmid and Lyramid on arms' length terms and streamlining the research and development activities. Further, board changes have been implemented to reflect the sole focus on the consumer facing beauty-tech business.

SYDNEY, Thursday, 18 February 2021: Cellmid Limited (ASX: CDY) is pleased to provide its Appendix 4D and Interim financial Report for the half year ending 31 December 2020.

Revenue from contracts with customers was down 24% to $2,790,046 compared with the previous corresponding period (pcp) (31 December 2020: $3,658,992). This can be largely attributed to timing of major orders, in particular the Chinese export orders have since shipped and will be accruing in the second half of FY2021 (2H FY2021). A change in the Japanese QVC (television shopping channel) sales event schedule has also contributed to the lower revenue in 1H FY2021 further details of which were provided in the Quarterly Activity Report released to the ASX on 25 January 2021.

Other income was affected by the timing of the receipt of the research and development (R&D) tax credit. In the pcp the R&D tax credit was received during the first half of the financial year (31 December 2019: $840,288), whilst it is expected to be received in the second half of FY2021. Due to these events the loss for the Group after providing for income tax was up 71% from the pcp at $2,390,117 (31 December 2019: $1,395,375 loss).

---

[1] ASX Announcement dated 14 December 2020
[2] ASX Announcement dated 12 November 2020 (slide 12)

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

The intellectual property license between Cellmid and Lyramid has been amended from a royalty free arrangement to 4% royalty on sales of products developed as a result of the licensed midkine intellectual property and 8% royalty on sublicense revenue. The term of the license is five years after all patent rights expire, whether current patents or patents arising out of existing midkine intellectual property.

Following a global outreach to potential partners and acquirers Cellmid is in active negotiations for the divestment of Lyramid and will update the market of any material developments in that regard in due course.

Approved for release by the Board of Directors.

End

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

Cellmid Limited (ASX: CDY)
Cellmid is a health and beauty-tech business growing shareholder value through the global distribution and sales of its innovative, proprietary brands of differentiated, clinically validated anti-aging solutions. Advangen Limited is Cellmid's wholly owned subsidiary engaged in the development and sale of first in class, best in class, anti-aging and longevity enhancing products for hair, skin and body. For further information, please see www.cellmid.com.au and www.evolisproducts.com.au.

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.

Cellmid Limited
Appendix 4D
Half-year report

CELLMID

1. Company details

Name of entity:	Cellmid Limited
ABN:	69 111 304 119
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

2. Results for announcement to the market

				$
Revenues from ordinary activities	down	23.7%	to	2,790,046
Loss from ordinary activities after tax attributable to the owners of Cellmid Limited	up	71.3%	to	(2,390,117)
Loss for the half-year attributable to the owners of Cellmid Limited	up	71.3%	to	(2,390,117)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments

Compared with the previous corresponding period (pcp) revenue from contracts with customers was down 24% to $2,790,046 (31 December 2020: $3,658,992). Revenue for the Group continues to experience significant monthly fluctuations, and the difference between the revenue result of 1H FY2021 and the pcp can entirely be attributed to this. Change in the timing of a major delivery to fulfil Chinese export orders represented the most significant difference from the pcp. This revenue is now expected to be recognised in the half-year ended 30 June 2021 ('2H FY2021').

The other timing factor that contributed to lower revenue was the change in sales event schedule at QVC Japan. Finally, other income was also affected by the timing of the receipt of the research and development (R&D) tax credit. Unlike in the pcp, the R&D tax credit was not received during the first half of the financial year (31 December 2019: $840,288). As the R&D tax revenue is recognised on a cash basis, it is expected to be included in 2H FY2021. The loss for the Group after providing for income tax was up 71% from the pcp at $2,390,117 (31 December 2020: $1,395,375 loss).

For further commentary on the results refer to the 'Review of operations and financial results' contained within the Directors' report of the attached Interim Report.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	4.16	4.55

Intangibles and right-of-use assets have been excluded from the calculation of net tangible assets per ordinary security.

4. Control gained over entities

The Company did not gain or lose control over any entities during the half-year period.

5. Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

---

6. Attachments

Details of attachments (if any):

The Interim Report of Cellmid Limited for the half-year ended 31 December 2020 is attached.

---

7. Signed

Date: 18 February 2021

Bruce Gordon
Chairman

Cellmid Limited

ABN 69 111 304 119

Interim Report - 31 December 2020

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Cellmid Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020 ('1H FY2021').

Directors

The following persons were Directors of Cellmid Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Dr David King (resigned as Chairman and Non-executive Director 31 December 2020)
Ms Maria Halasz
Dr Martin Cross
Mr Dennis Eck
Ms Sarah Eck-Thompson (appointed 30 November 2020, Alternate Director to Dennis Eck)
Mr Bruce Gordon (appointed Chairman, effective 1 January 2021)
Dr Fintan Walton (resigned 30 November 2020)

Principal activities

The Group has operated primarily through its holding entity, Cellmid, and two subsidiary companies, Advangen Limited ('Advangen') and Lyramid Limited ('Lyramid'). The principal activities of the Group during the financial half-year were:

Advangen	Advangen is the owner of ‘first in class’ and ‘best in class’ proprietary technologies, formulations, trademarks and brands based on novel approaches, including FGF5 inhibition, to hair loss, anti-aging hair care and other anti-aging products. During the reporting period Advangen continued to market its products internationally, developed new formulations and received new trademarks for its cosmetic and over the counter ('OTC') hair loss and anti-aging hair care brands; and
Lyramid	Midkine and midkine antibody research and development. Lyramid has the right to exploit the most significant intellectual property portfolio globally around midkine, a protein associated with various disease states, including chronic inflammatory diseases and cancer. The Group has been actively pursuing divestment of Lyramid during the reporting period.
Cellmid	The Group incurred corporate and overhead related costs and submitted its application for research and development tax credit in the parent entity, Cellmid. Further, Cellmid continued to monitor market opportunities for its portfolio of SARS-COV2 testing devices.

Review of operations and financial results

Operating results

Compared with the previous corresponding period (pcp) revenue from contracts with customers was down 24% to $2,790,046 (31 December 2020: $3,658,992). Revenue for the Group continues to experience significant fluctuations, and the difference between the revenue result of 1H FY2021 and the pcp can entirely be attributed to this. Change in the timing of a major delivery to fulfil Chinese export orders represented the most significant difference from the pcp. This revenue is now expected to be recognised in the half-year ended 30 June 2021 (‘2H FY2021’).

The other timing factor that contributed to lower revenue was the change in sales event schedule at QVC Japan. Finally, other income was also affected by the timing of the receipt of the research and development (R&D) tax credit. Unlike in the pcp, the R&D tax credit was not received during the first half of the financial year (31 December 2019: $840,288). As the R&D tax revenue is recognised on a cash basis, it is expected to be included in 2H FY2021. The loss for the Group after providing for income tax was up 71% from the previous corresponding period at $2,390,117 (31 December 2020: $1,395,375 loss).

The Group’s revenue was further impacted by the COVID-19 pandemic, which created a dynamic business environment requiring monitoring consumer behaviour and rapidly adapting to customer needs.

CELLMID

Review of operations

Although timing of some of the key sales events meant that revenue was lower than the pcp, the Group has made significant progress towards delivering on its key objectives to increase shareholder value; the separation of Advangen and Lyramid Limited has been completed before the end of 2020 and an active divestment program has been implemented during 1H FY2021. An upgrade of the internal systems has been implemented improving inventory management and fulfilment, and new distribution agreements have been signed in China. The Group removed its profitability guidance in March 2020 as the impact of the COVID-19 pandemic persisted and affected revenues in individual sales channels. In a challenging environment the Group achieved several key milestones during 1H FY2021 and made the following progress towards its strategic objectives in the consumer (Advangen) and biotech (Lyramid) divisions:

New distribution agreements in China	During 1H FY2021 the Group signed an amended distribution agreement with Aeon International Pty Ltd for the Chinese cross-border ecommerce sale of the évolis® pharmacy products. In addition, it signed an agreement with Ourui Health Management Limited for the sale of the Jo-Ju® and Lexilis® branded hair and skins care products on 22 December 2020.
Growing ecommerce	The Group continued to improve its ecommerce capabilities. Following the launch of a new ecommerce platform in July 2020 conversion rates in Australia improved 186%, the total number of transactions was up 13% and online revenue increased 53%. In the US conversion rates were up twenty-fold during 1H FY2021, total number of transactions was up ten-fold and online revenue increased 997%. Subscriber lists and repeat customers have also been increasing in both markets during 1H FY2021.
Lyramid divestment	The Group commenced an active divestment program in relation to the midkine assets during the reporting period. Cellmid, the parent company of Lyramid, remained owner of the intellectual property and amended the license agreement between the parties, in preparation for divestment, to represent arms' length terms. The Lyramid operations have been streamlined and only essential expenditures have been incurred.

Advangen

Revenue from the FGF5 inhibitor hair growth and anti-aging hair care products was down 23% during 1H FY2021 to $2,790,046 (31 December 2019: $3,640,941). The decline was the result of a decrease in Japanese sales activity, down 25% to $1,970,053 (31 December 2019: $2,620,825) largely due to the timing of a significant shipment of Lexilis® lotion to China. US sales were down 33% to $266,652 (31 December 2019: $396,619) with a 11% decrease in Australian sales to $553,341 (31 December 2019: $623,497).

The Group is exposed to a dynamic external business environment and will continue to assess profitability of sales channels and to scale into opportunities that represent best return on investment. The shift to support online channels and wind back unprofitable retail sites meant that sales have temporarily retreated in Australia and the USA, while timing of orders affected the Japanese business.

Japan's growth is tied to increased export to China and improved domestic sales channels

- Japanese sales were down by 25% to $1,970,053 (31 December 2019: $2,620,825), largely due to timing of a shipment to fulfil a Chinese export order and change in sales event schedules with QVC Japan. Historically major sales events (TSV) have been held twice a year in June and November/December contributing to uneven revenue and skewed demand throughout the year to these lower margin events. In FY2021, the Group changed to a higher margin show schedule and more even revenue flow from QVC Japan. The focus will be on one TSV event in June 2021 and several shorter duration/higher margin shows throughout the year.
- The margins on the Jo-Ju® and Lexilis® brands remained strong during 1H FY2020.
- In addition to China the Group has been active in securing export sales into Korea and Singapore. Commencing sales in these countries will be subject to availability of resources to finance the necessary increase in inventory and marketing; and
- The Jo-Ju® and Lexilis® brands remain key revenue drivers and have a strong potential for a direct-to-consumer ecommerce expansion of the domestic Japanese business.

CELLMID

Australian online and direct to consumer sales grew, while traditional retail was exposed to the pandemic related lock-down in Victoria.

- Australian consumer health sales were down 11% to $553,341 (31 December 2019: $623,497). Operating losses were also down 51% to $295,752. (31 December 2018: $599,189) on the back of cost saving measures that will continue.
- The Group launched its new ecommerce platform in July 2020 and experienced significant performance improvements since. Overall conversion rates improved 186%. The total number of transactions was up 13% and online revenue increased 53% during the reporting period. The strongest channel continues to be direct mail with an increase in engagement of 242% and a revenue increase of 175% since June 2020. Both subscribers and repeat customers have increased during 1H FY2021.
- Sales on television shopping channel, openshop, continued to increase and the channel has grown steadily during the reporting period.
- The expected recovery in the pharmacy channel was interrupted by the second wave of infections and the subsequent lock-down in Victoria during 1H FY2021. This had a direct negative impact on revenue in this channel.
- European export sales continued to Germany as part of the retail agreement with Douglas Perfumeries, and QVC UK continued to order following an initial eight minute live TV shopping event.
- The Group amended its agreement with Aeon International Pty Ltd to better represent the évolis® brand mix, marketing activities and minimum order requirements for the Chinese cross-border ecommerce business.

US online channels performed well with Amazon now the largest customer

- US sales closed at $266,652 during 1H FY2020 (31 December 2020: $396,619), down 33%. The Group's most significant retail partner in 2020, Neiman Marcus, was largely closed during 1H FY2021. This resulted in a drop in traditional retail sales.
- évolis® Professional sales commenced on Amazon in June 2020 and this channel became the largest customer for the US consumer health business in 1H FY2021. Other online channels such as Beauty Collections, Macys.com and dermstore.com continued to perform well.
- The Group signed three new salon distribution agreements during 1H FY2020.

Cellmid amended the midkine license agreement with Lyramid to reflect arm's length terms in preparation to divestment

- As highlighted previously, and unlike in the prior year, the research and development tax credit (reflecting research and development undertaken largely in Lyramid) had not been received during the 1H FY2021 (31 December 2019: $840,288). This revenue is now expected to be received in cash and recognised as revenue in early 2H FY2021;
- In preparation for divestment, Bart Wuurman, Lyramid CEO, resigned in November 2020.
- The Group has been preparing a novel research program as part of the divestment program, in addition to research undertaken by collaborators on aspects of midkine biology critical to drug development.

The Group's intellectual property portfolio currently stands at 59 granted patents, 2 patent applications under examination and one in Patent Cooperation Treaty ('PCT') filing stage. The Group continued to explore market opportunities for the SAR-CoV-2 antibody tests in Australia and overseas. Due to the successful handling of the pandemic domestically, a market uptake for the tests was lower than anticipated and the Group made no significant sales during the reporting period.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial half-year.

Events subsequent to reporting date

No matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

An issue of 1,500,000 ordinary shares was made in lieu of consulting fees on 15 January 2021.

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.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors

Bruce Gordon
Chairman

18 February 2021

Level 16, Tower 2 Darling Park
201 Sussex Street
Sydney NSW 2000

Postal Address
GPO Box 1615
Sydney NSW 2001

p. +61 2 9221 2099
e. sydneypartners@pitcher.com.au

Auditor's Independence Declaration
To the Directors of Cellmid Limited
ABN 69 111 304 119

In relation to the independent auditor's review for the half year ended 31 December 2020, I declare to the best of my knowledge and belief there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
(ii) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Cellmid Limited and the entities it controlled during the period.

SWallace

S S WALLACE
Partner

PITCHER PARTNERS
Sydney

18 February 2021

General information

The financial statements cover Cellmid Limited as a Group consisting of Cellmid Limited (the 'Company' or ‘parent entity’) and the entities it controlled at the end of, or during, the half-year (collectively the 'Group'). The financial statements are presented in Australian dollars, which is Cellmid Limited's functional and presentation currency.

Cellmid Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 204, Level 2
55 Clarence Street
Sydney NSW 2000

A description of the nature of the Group'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 18 February 2021.

Cellmid Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020

	Note	Consolidated 31 Dec 2020 $	Consolidated 31 Dec 2019 $
Revenue			
Revenue from contracts with customers	2	2,790,046	3,658,992
Cost of goods sold		(985,982)	(987,751)
Gross profit		1,804,064	2,671,241
Other income	3	220,005	921,218
Interest revenue calculated using the effective interest method		14,692	3,731
Expenses			
Selling and distribution expenses		(544,155)	(1,047,715)
Research and development expenses		(110,694)	(423,258)
Administration expenses		(2,579,867)	(2,837,927)
Legal fees and claim		(14,514)	(5,967)
Other operating expenses		(1,150,794)	(598,362)
Operating loss before finance costs		(2,361,263)	(1,317,039)
Finance costs		(28,854)	(78,336)
Loss before income tax expense		(2,390,117)	(1,395,375)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Cellmid Limited		(2,390,117)	(1,395,375)
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign controlled entities		(137,661)	(92,359)
Other comprehensive loss for the half-year, net of tax		(137,661)	(92,359)
Total comprehensive loss for the half-year attributable to the owners of Cellmid Limited		(2,527,778)	(1,487,734)
		Cents	**Cents**
Basic earnings per share	13	(1.91)	(1.59)
Diluted earnings per share	13	(1.91)	(1.59)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	Consolidated 31 Dec 2020 $	Consolidated 30 June 2020 $
Assets			
Current assets			
Cash and cash equivalents		4,550,270	6,970,967
Trade and other receivables		1,031,337	1,870,632
Inventories	5	2,173,390	2,609,359
Other assets		207,776	176,895
Total current assets		7,962,773	11,627,853
Non-current assets			
Property, plant and equipment		738,572	764,031
Right-of-use assets		592,557	739,325
Intangibles	6	1,570,829	1,757,002
Total non-current assets		2,901,958	3,260,358
Total assets		10,864,731	14,888,211
Liabilities			
Current liabilities			
Trade and other payables	7	1,422,712	2,770,047
Borrowings	8	373,129	375,467
Lease liabilities		254,789	247,335
Employee benefits		269,980	248,716
Total current liabilities		2,320,610	3,641,565
Non-current liabilities			
Borrowings	8	722,140	876,252
Lease liabilities		325,577	462,411
Other liabilities		104,973	97,268
Total non-current liabilities		1,152,690	1,435,931
Total liabilities		3,473,300	5,077,496
Net assets		7,391,431	9,810,715
Equity			
Issued capital	9	56,114,284	56,064,284
Reserves		1,058,087	1,137,254
Accumulated losses		(49,780,940)	(47,390,823)
Total equity		7,391,431	9,810,715

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

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2019	47,765,837	632,353	(42,540,913)	5,857,277
Loss after income tax expense for the half-year	-	-	(1,395,375)	(1,395,375)
Other comprehensive income for the half-year, net of tax	-	(92,359)	-	(92,359)
Total comprehensive (loss)/income for the half-year	-	(92,359)	(1,395,375)	(1,487,734)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	2,408,410	-	-	2,408,410
Share-based payments	50,000	22,999	-	72,999
Balance at 31 December 2019	50,224,247	562,993	(43,936,288)	6,850,952

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2020	56,064,284	1,137,254	(47,390,823)	9,810,715
Loss after income tax expense for the half-year	-	-	(2,390,117)	(2,390,117)
Other comprehensive loss for the half-year, net of tax	-	(137,661)	-	(137,661)
Total comprehensive loss for the half-year	-	(137,661)	(2,390,117)	(2,527,778)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	-	-	-	-
Share-based payments	50,000	58,494	-	108,494
Balance at 31 December 2020	56,114,284	1,058,087	(49,780,940)	7,391,431

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Consolidated 31 Dec 2020 $	Consolidated 31 Dec 2019 $
Cash flows from operating activities			
Receipts from customers		3,483,800	4,554,045
Payments to suppliers and employees		(5,649,054)	(6,815,446)
Interest received		14,692	3,731
Royalty income received		-	80,930
Grant and other income from Government		165,500	840,288
Net cash used in operating activities		(1,985,062)	(1,336,452)
Cash flows from investing activities			
Payments for property, plant and equipment		(2,595)	(90,015)
Payments for intangibles	6	-	(3,001)
Net cash used in investing activities		(2,595)	(93,016)
Cash flows from financing activities			
Proceeds from issue of shares	9	-	2,594,000
Transaction costs	9	-	(135,590)
Proceeds from borrowings		-	249,489
Repayment of borrowings & leases		(202,849)	(204,359)
Finance costs		(139,366)	(78,336)
Payments of lease liabilities		(24,465)	(78,374)
Net cash (used in) / provided by financing activities		(366,680)	2,346,830
Net (decrease) / increase in cash and cash equivalents		(2,354,337)	917,362
Cash and cash equivalents at the beginning of the financial half-year		6,970,967	3,081,924
Effects of exchange rate changes on cash and cash equivalents		(66,360)	(115,659)
Cash and cash equivalents at the end of the financial half-year		4,550,270	3,883,627

Non-cash financing activities include ordinary shares issued in lieu of director fees to Dennis Eck to the value of $50,000 (2019: $50,000).

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations

The Group 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, with no material impact.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted and are not expected to have any material impact if they had been applied.

Interests in Subsidiaries

On 28 June 2016, Cellmid Limited entered into a Deed of Cross Guarantee to support the liabilities and obligations of four of its wholly owned subsidiaries, Advangen Limited, Kinera Limited, Lyramid Limited and Advangen International Pty Ltd (wholly owned subsidiaries). By entering into the deed, the wholly owned unlisted public entities have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (wholly owned companies) Instrument 2016/785 under ASIC class order CO98/1418 and former ASC class orders CO91/996, CO92/770, C93/1370, CO94/1862 and CO95/1530.

On 23 March 2020, a Revocation Deed was signed and submitted to ASIC by Cellmid Limited in relation to the Deed of Cross Guarantee. Consequently, this Revocation Deed released Cellmid Limited from all liabilities and obligations arising or accruing after the official date of execution in relation to its wholly owned subsidiaries listed above.

Comparatives and rounding

Where necessary and or material certain comparative in the statement of profit or loss and other comprehensive income and statement of financial position have been reclassified to be consistent with current year presentation.

Unless stated otherwise, all financial amounts presented are in Australian dollars, rounded to the nearest whole dollar.

Note 2. Revenue from contracts with customers

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

	Consolidated	
	31 Dec 2020 $	31 Dec 2019 $
Major product lines		
Japanese hair loss brands including Jo-Ju® and Lexilis®	1,970,053	2,604,102
évolis® pharmacy range	249,385	468,987
évolis® professional range	570,608	567,852
Diagnostics income	-	18,051
	2,790,046	3,658,992
Timing of revenue recognition		
Goods transferred at a point in time	2,790,046	3,658,992

Note 2. Revenue from contracts with customers (continued)

Refer to note 4 for disaggregation of revenue by geographical regions.

Note 3. Other income

	Consolidated	
	31 Dec 2020 $	31 Dec 2019 $
Other income ^	220,005	80,930
Research and development tax credit	-	840,288
Other income	220,005	921,218

^ Other income received primarily includes Government (Covid-19) assistance in the form of Jobkeeper subsidy and Cashboost totaling $165,500 (2019: $nil) and proceeds from royalties $48,919 (2019: $54,422).

Note 4. Operating segments

Identification of reportable operating segments
The Group is organised into four operating segments based principally on geographic regions. 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 information reported to the CODM is on a monthly basis.

CELLMID

Note 4. Operating segments (continued)

Operating segment information

Consolidated - 31 Dec 2020	Cellmid* Australia $	Advangen Australia $	Advangen USA $	Advangen Japan $	Group Total $
Revenue					
Sales to external customers	-	553,341	266,652	1,970,053	2,790,046
Other income	98,919	116,680	4,406	-	220,005
Interest revenue	14,310	-	-	382	14,692
Total revenue	113,229	670,021	271,058	1,970,435	3,024,743
Cost of goods sold	(234,810)	(103,111)	(28,606)	(619,455)	(985,982)
Selling and distribution expenses	(47,572)	(269,089)	(79,959)	(147,535)	(544,155)
Research and development expenses	(46,903)	(12,263)	-	(51,528)	(110,694)
Administrative and employment expenses	(489,569)	(443,214)	(232,072)	(993,330)	(2,158,185)
Legal fees and claims	8,635	(23,149)	-	-	(14,514)
Other operating expenses	(155,676)	(114,947)	(400,129)	(136,086)	(806,838)
Segment operating profit/(loss)	(852,666)	(295,752)	(469,708)	22,501	(1,595,625)
Corporate costs and unallocated items					
Consultancy expense					(59,399)
Subscription expense					(29,465)
Occupancy expense					(6,940)
Share-based compensation					(58,494)
Directors remuneration					(162,965)
Employee benefits expense					(222,561)
Finance costs					(28,854)
Depreciation and amortisation expense					(225,814)
Loss before income tax expense					(2,390,117)
Income tax expense					-
Loss after income tax expense					(2,390,117)
Total Assets	4,142,412	1,109,248	392,680	5,220,390	10,864,731
Total Liabilities	1,336,680	223,765	35,588	1,877,267	3,473,300
Total Intercompany	20,643,136	(14,945,977)	(3,018,735)	(2,678,424)	-

* Comprising Cellmid (the corporate entity) and Lyramid.

CELLMID

Note 4. Operating segments (continued)

Consolidated - 31 Dec 2019	Cellmid Australia $	Advangen Australia $	Advangen USA $	Advangen Japan $	Total $
Revenue					
Sales to external customers	18,051	623,497	396,619	2,620,825	3,658,992
Other income	895,529	5,184	-	20,505	921,218
Interest revenue	3,731	-	-	-	3,731
Total revenue	917,311	628,681	396,619	2,641,330	4,583,941
Cost of goods sold	(20,854)	(142,071)	(70,480)	(754,346)	(987,751)
Selling and distribution expenses	(116,749)	(315,409)	(175,135)	(440,422)	(1,047,715)
Research and development expenses	(240,670)	(136,468)	-	(46,120)	(423,258)
Administrative and employment expenses	(151,777)	(503,088)	(433,578)	(1,094,736)	(2,183,179)
Legal fees and claim	-	(5,967)	-	-	(5,967)
Other operating expenses	(174,353)	(124,867)	62,943	(227,402)	(463,679)
Segment operating profit/(loss)	212,908	(599,189)	(219,631)	78,304	(527,608)
Corporate costs and unallocated items					
Consultancy expense					(96,276)
Subscription expense					(41,991)
Occupancy expense					(119,567)
Share-based compensation					(22,999)
Directors remuneration					(162,965)
Employee benefits expense					(331,313)
Finance costs					(78,336)
Depreciation and amortisation expense					(14,320)
Loss before income tax expense					(1,395,375)
Income tax expense					-
Loss after income tax expense					(1,395,375)
Total Assets	3,813,375	1,397,538	571,051	5,611,693	11,393,657
Total Liabilities	1,244,272	1,325,798	32,800	1,939,835	4,542,705
Total Intercompany	17,998,026	(12,896,901)	(2,556,323)	(2,544,802)	-

Note 5. Inventories

	Consolidated 31 Dec 2020 $	Consolidated 30 Jun 2020 $
Consumer Health – raw materials at cost	668,196	657,432
Consumer Health – finished goods at cost	1,472,634	1,685,144
Diagnostics – finished goods at cost	32,560	32,560
Diagnostics – finished goods at net realisable value	-	234,223
	2,173,390	2,609,359

During the reporting period additional provisioning of inventories to net realisable value equalled $217,666 (December 2019: $nil). The net expense was included in the cost of sales for the period ended 31 December 2020.

Note 6. Intangibles

	Consolidated 31 Dec 2020 $	Consolidated 30 Jun 2020 $
Non-current assets		
Patents and trademarks - at cost	2,505,847	2,683,554
Less: Accumulated amortisation	(935,018)	(926,552)
	1,570,829	1,757,002

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-year and prior corresponding full year are set out below:

Consolidated	Patents and trademarks $
Balance as at 1 July 2020	1,757,002
Additions	-
Foreign exchange movements	(120,819)
Amortisation expense	(65,354)
Balance as at 31 December 2020	1,570,829

Consolidated	Patents and trademarks $
Balance as at 1 July 2019	1,758,264
Additions	-
Foreign exchange movements	(140,497)
Amortisation expense	139,235
Balance as at 30 June 2020	1,757,002

Note 7. Trade and other payables

	Consolidated 31 Dec 2020 $	Consolidated 30 Jun 2020 $
Current liabilities	964,631	839,727
Trade payables	458,081	1,930,320
Other payables		
	1,422,712	2,770,047

Note 8. Borrowings

	Consolidated	
	31 Dec 2020 $	30 Jun 2020 $
Current liabilities		
Premium funding facility	73,166	42,129
Bank loans	299,963	333,338
	373,129	375,467
Non-current liabilities		
Bank loans	722,140	876,252
	1,095,269	1,251,719

Note 9. Issued capital

	Consolidated			
	31 Dec 2020 Shares	30 Jun 2020 Shares	31 Dec 2020 $	30 Jun 2020 $
Ordinary shares - fully paid	125,712,303	125,246,866	56,114,284	56,064,284

Movements in ordinary share capital

Details for the half-year ended	Date	Shares	$
Balance	1 July 2020	125,246,866	56,064,284
Shares issued	December 2020	465,437	50,000
Balance	31 December 2020	125,712,303	56,114,284

Details for the full-year ended	Date	Shares	$
Balance	1 July 2019	84,009,475	47,765,837
Shares issue costs		-	(598,553)
Shares buyback and cancellation		(400,000)	-
Shares issued	October 2019	4,400,000	880,000
Shares issued	November 2019	8,320,000	1,664,000
Shares issued	November 2019	50,000	-
Shares issued	November 2019	217,391	50,000
Shares issued	April 2020	22,727,273	5,000,000
Shares issued	May 2020	1,377,272	303,000
Shares issued	June 2020	4,545,455	1,000,000
Balance	30 June 2020	125,246,866	56,064,284

Share buy-back
There is no current on-market share buy-back.

Note 10. Dividends

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

Note 11. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities reflects the carrying amount reported at balance date.

Note 12. Contingent liabilities

The Group has given bank guarantees as at 31 December 2020 of $136,230 (30 June 2020: $134,290) to various landlords, in respect of lease of commercial office space.

There were no other material contingent liabilities as at 31 December 2020.

Note 13. Earnings per share

	Consolidated	
	31 Dec 2020 $	31 Dec 2019 $
Loss after income tax attributable to the owners of Cellmid Limited	(2,390,117)	(1,395,375)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	125,289,868	87,706,815
Weighted average number of ordinary shares used in calculating diluted earnings per share	125,289,868	87,706,815
	Cents	Cents
Basic earnings per share	(1.91)	(1.59)
Diluted earnings per share	(1.91)	(1.59)

Note 14. Events after the reporting period

No matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

An issue of 1,500,000 ordinary shares was made in lieu of consulting fees on 15 January 2021.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the financial half-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.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Bruce Gordon
Chairman

18 February 2021

Level 16, Tower 2 Darling Park
201 Sussex Street
Sydney NSW 2000

Postal Address
GPO Box 1615
Sydney NSW 2001

p. +61 2 9221 2099
e. sydneypartners@pitcher.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Cellmid Limited
ABN 69 111 304 119
Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Cellmid Limited (the Company), and its controlled entities (the Group)', which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

SWallace

S S WALLACE
Partner

Pitcher Partners

PITCHER PARTNERS
Sydney

18 February 2021