

## ASX ANNOUNCEMENT

### CELLMID APPENDIX 4C – Q4 FY2021 BUSINESS ACTIVITY

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#### Highlights for the quarter ending 30 June 2021

- **Records sales results from QVC Japan in June:** The Today's Special Value (TSV) event on TV shopping channel QVC Japan generated record wholesale revenue of AUD 1.38 million<sup>1</sup> for the Jo-Ju® RED EX branded hair loss products over 24 hours on 12 June 2021 (ASX announcement dated 17 June 2021).
- **Supply Agreement with Pump Haircare Pty Ltd (Pump):** Cellmid's wholly owned subsidiary, Advangen International Pty Ltd, signed an agreement with Pump in June 2021 for the supply of Cellmid's FGF5 inhibitor hair growth products under the Pump brand and to collaborate on new products in the future (ASX announcement dated 8 June 2021).
- **Launching of new Australian website.** In June 2021 Cellmid launched its new Australian brand website ([www.evolisproducts.com.au](http://www.evolisproducts.com.au)) following several months of development work. The new website provides significantly improved user experience and is expected to outperform the previous platform over time.
- **Completed sale of biotech subsidiary Lynamid:** Cellmid completed the sale of Lynamid and received \$500,000 in upfront payment in FY2021, in addition to sharing in future upside in the midkine asset portfolio through a license agreement (ASX announcement dated 29 April 2021).
- **Significant investment in inventory:** Cellmid invested \$907K into inventory in Q4 FY2021, an increase of 74% on pcp and representing 44% of the total investment in inventory in FY2021, to service its planned growth in FY2022.
- **On track for operational profitability in FY2022:** Cellmid remains on track to achieve operational profitability in FY2022 with planned revenue growth in ecommerce, new distribution channels to China, new product launches and streamlined operational expenditures.

**SYDNEY, Tuesday, 20 July 2021: Cellmid Limited (ASX: CDY) (the Company)** provides the following business activity report for Q4 FY2021.

#### Commentary on Q4 Cashflow

The Company's cash balance as of 30 June 2021 was \$6.97 million, not including the payment from QVC of \$1.3 million for the record TSV sales in June and following the cash receipts of \$3.74 million from the capital raising in April. With total anticipated cash balance of around \$8 million at the end of July Cellmid remains in a strong position to deliver on its revenue growth and profitability objectives for FY2022.

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<sup>1</sup>Using the daily exchange rate of 1JPY = 0.0118 AUD on 16 June 2021 when the results were first reported. Unaudited, final AUD sale may vary depending on the exchange rate used for audited accounts at the end of FY2021.

The underlying quarterly operating cash outflow was \$1.96 million (up from \$153K in Q3 FY2021 and from \$1.7 million in Q4 FY2020). This was largely the result of the significant increase in payments for inventory of \$907K (up 74% on pcp and 44% of the total inventory cash outflow in FY2021). The increased investment in inventory was for the supply of products under Cellmid's Chinese distribution agreements and payment for products for QVC Japan's TSV in June.

In addition to this operating cash outflow Cellmid received \$450K from the sale of Lynamid (\$50K of the \$500K total was received in Q2 FY2021). Related party payments totaling \$136K have been made during the quarter comprising of executive and non-executive directors' fees and salaries for the board members.

### **Advangen Limited**

Overall operational performance of the Company's health and beauty tech business improved in FY2021, and loss reduced by 43% to \$1.33 million<sup>2</sup> (FY2020: loss \$2.31 million). Revenue for FY2021 was down 18% on pcp to \$6.04 million (FY2020: \$7.39 million), of which 7% was attributable to the unfavourable currency exchange movements since last financial year.

Cellmid's health and beauty-tech business has evolved over the past twelve months with an increased focus on 'direct to consumer' ecommerce channels, improving our growth potential in China, accelerating new product development programs, and streamlining operations.

Cellmid's most significant partners before the pandemic, 'bricks and mortar' premium retail distributors in the US and Australia, have been significantly affected by lockdowns. Since June 2020 Cellmid has built significant inhouse ecommerce capabilities; built a digital marketing team and increased its relevant marketing spending.

A new Chinese distribution agreement was signed with Ourui Health Management (ASX announcement 14 December 2020) and the agreement with Aeon International was amended to increase joint marketing activities. These agreements have the potential for significant revenue growth in this rapidly expanding market.

The Company has started to implement its strategy to partner with other beauty companies for 'own brand marketing' products, where existing brands will be provided with the FGF5 inhibitor anti-aging and hair loss prevention technology (Pump Haircare Agreement, ASX announcement 8 June 2021).

With improved financial resources new product development became feasible and the Company's relevant programs intensified during FY2021. Several new products addressing growing market needs, including supplements and topical lotions, have been formulated during FY2021 with launch expected in the coming months.

Whilst these initiatives have set Cellmid up for strong growth, FY2021 results show the effects of the full year of the pandemic, unfavorable currency exchange movements of up to 8% and the lag in sales into the Chinese market as the Company completed the new Chinese distribution agreements.

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<sup>2</sup> All revenue, profit and loss figures quoted in the Business Activity Report are unaudited and may change subject to auditors' review.

### **Advangen Inc (Japan)**

Consumer health sales in Japan were down 23% in Q4 FY2021 on pcp to \$1.79 million (Q4 FY2020: \$2.34 million) and down by 20% for the FY2021 financial year to date on pcp to \$4.44 million (FY2020: \$5.54 million). The unfavorable exchange rate movement contributed 8.2% to this drop in revenue, the remaining was attributable to the lag in sales due to the new Chinese distribution agreement.

Following the retirement of Koichiro Koike, Teruko Fujii was appointed Country Manager/Managing Director in Japan on 1 April 2021. Ms Fujii previously was, amongst her other relevant experience, President of Galderma Japan and Senior Director of Nestle Skin Care, APAC. Educated at the University of Technology in Sydney, and a Japanese national with broad Asia Pacific work experience, Ms Fujii brings strong business development and marketing capabilities to Cellmid's Japanese business.

### **Advangen International Pty Ltd (Australia)**

Consumer health sales in Australia were down 20% in Q4 FY2021 on pcp to \$320K (Q4 FY2020: \$399K) and down 5% for the FY2021 financial year on pcp at \$1.36 million (FY2020: \$1.43 million). The new Australian website ([www.evolisproducts.com.au](http://www.evolisproducts.com.au)) was launched in mid-June 2021 with improved user interface, payment interface and digital optimization.

Aeon International (Aeon), the Company's evolis® distributor in China, made further orders in June and the advertising and marketing campaign to increase RED Book Notes (reviews) and increase brand awareness is underway. The Australian business has also received its first order form Pump Haircare.

### **Advangen LLC (USA)**

The US business had been impacted markedly from the pandemic and sales for FY2021 were down by 20% to \$499K (FY2020: \$625K). Of this drop 8.1% was attributable for exchange rate fluctuations, while prestige retail sales have also dropped significantly.

The new evolis® US website is currently under construction, expected to launch in Q1 FY2022. Whilst the retail environment in the US remains uncertain, and prestige retail and salon sales continue to be negatively impacted by the COVID-19 pandemic, there is some recovery through ecommerce sales including pure play platforms such as Dermstore and Amazon. There has been a significant reduction in staffing in the US and the Company has focused on improving logistics to service ecommerce retailers.

### **New product development**

The Company's first hair loss supplement is currently being manufactured and an ecommerce launch is on track for 1H FY2022. A range of new topical products specifically formulated for the Asian hair market, under the evolis® brand, are also planned for manufacture and launch in FY2022. In addition, the Company has commenced discussions with other brands for co-development of innovative topical products.

## **Lynamid**

The divestment of Lynamid was completed in April 2021 (ASX announcement 29 April 2021) and Cellmid received a cash consideration of \$500,000. In addition, the Company secured a share of any future upside in the portfolio through the intellectual property license between Cellmid and Lynamid, signed on 1 August 2020, which provides for a royalty of 4% payable to Cellmid on net sale of products developed and sold and a royalty of 8% payable to Cellmid on net sub-licensing revenue. A service agreement between Lynamid and Cellmid was also signed to provide continuity and ongoing corporate and management support.

## **COVID-19 update**

Pursuant to the NSW Government's public health order all Cellmid employees in Sydney are working from home. The Company has established a QR code system for those employees that are unable to work from home full time.

Approved for release by the Board of Directors.

End

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## **Cellmid Limited (ASX: CDY)**

Cellmid is a health and beauty-tech business growing shareholder value through the global distribution and sales of its 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, clinically validated anti-aging products for hair, skin and body. For further information, please see [www.cellmid.com.au](http://www.cellmid.com.au) and [www.evolisproducts.com.au](http://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.

## Appendix 4C

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

**Name of entity**
**CELLMID LIMITED**
**ABN**
**69 111 304 119**
**Quarter ended ("current quarter")**
**30 JUNE 2021**

<b>Consolidated statement of cash flows</b>	<b>Current quarter (3 months) \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	580	5,613
1.2 Payments for		
(a) research and development	(21)	(163)
(b) product manufacturing and operating costs	(907)	(2,085)
(c) advertising and marketing	(247)	(874)
(d) leased assets	-	-
(e) staff costs	(850)	(3,406)
(f) administration and corporate costs	(637)	(2,722)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	21
1.5 Interest and other costs of finance paid	(12)	(54)
1.6 Income taxes (paid) / refunded	34	(3)
1.7 Government grants and tax incentives	100	911
1.8 Other (IKON settlement)	-	(1,407)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,958)</b>	<b>(4,169)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(12)	(21)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter (3 months) \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	450	500
	(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>438</b>	<b>479</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	4,105	4,512
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	(361)	(379)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings & leasing	(76)	(580)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>3,668</b>	<b>3,553</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	4,567	6,970
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,958)	(4,169)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	438	479

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter (3 months) \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,668	3,553
4.5	Effect of movement in exchange rates on cash held	13	(105)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>6,728</b>	<b>6,728</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,690	4,431
5.2	Call deposits	5,038	136
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>6,728</b>	<b>4,567</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	136
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

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

7.	<b>Financing facilities</b> <i>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.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	939	939
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	<b>939</b>	<b>939</b>
7.5	<b>Unused financing facilities available at quarter end</b>		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.		
	<p><b><u>Japan</u></b> Unsecured 10 year loan with Keiyo Bank; \$888,287 (JPY 73.8M) at 1.20% - 1.50% p.a with various maturity dates:</p> <ul style="list-style-type: none"> <li>• JPY 13.0M – 25 September 2024</li> <li>• JPY 26.8M – 25 March 2025</li> <li>• JPY 25.0M – 12 March 2028</li> <li>• JPY 9.0M – no specific maturity date</li> </ul> <p><b><u>Australia</u></b> Insurance Premium Funding with Attest Finance Pty Ltd; \$51,129 at 4.29% payable by 25 February 2022.</p>		

8.	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,958)
8.2	Cash and cash equivalents at quarter end (item 4.6)	6,728
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	6,728
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	3.4
	<i>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.</i>	



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: .....20 July 2021.....

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.