

ASX ANNOUNCEMENT

CELLMID LIMITED NOTES TO THE APPENDIX 4C – GROWING CONSUMER HEALTH SALES DRIVE REVENUE UPLIFT

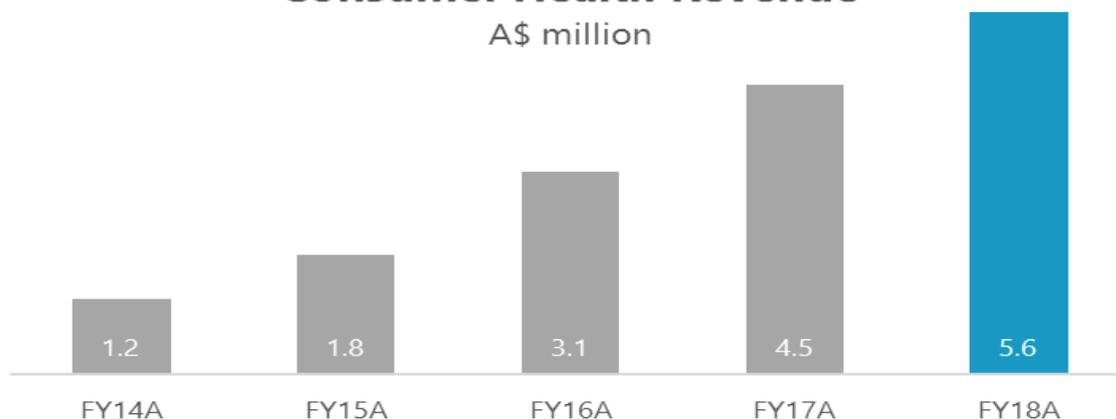
Highlights for the quarter ending 30 June 2018:

- Total consumer health sales for FY2018 of \$5.57 million (versus total FY2017 sales of \$4.45 million) – a 24% increase¹
- Total revenue for FY2018 of \$6.74 million (versus total FY2017 revenue of \$5.56 million – a 21% increase²)
- Sales for Q4 FY2018 reached \$1.34 million, up 36% from the same period last year (Q4 FY2017: \$984K)³
- Global marketing and distribution strategy delivering results with recent significant agreements in China (Fukangren Biopharma) and USA (Bloomingdales)
- Significant increase in sales expected from Q2 in FY2019; from substantial expansion of distribution in US and Japan and new product launches in Australia (including Fillerina®)
- Midkine Symposium held in May 2018 delivering important product development partnerships and commercial opportunities for the Company's antibody programs

SYDNEY, Tuesday, 31 July 2018: Cellmid Limited (ASX: CDY) provides the following notes to its Appendix 4C Quarterly Cash Flow report for the fourth quarter of the 2018 financial year (Q4 FY2018) and preliminary, unaudited results for the full 2018 financial year (FY2018).

Cellmid reported \$1.34 million in consumer health sales for Q4 FY2018, an increase of 36% from the same period last year (Q4 FY2017: \$984K). Total revenue for FY2018 was up 21% to \$6.74 million (FY2017: \$5.56 million), whilst consumer health revenue grew 24% to \$5.57 million (FY2017: \$4.45 million).

Consumer Health Revenue
A\$ million



¹ Unaudited using average exchange rates over previous 12 months

² FY2017 audited result, FY2018 unaudited, using average exchange rates over previous 12 months

³ Unaudited 'like for like' sales numbers using the same exchange rates for both periods to provide true comparison (1AUD=0.75USD; 1AUD=82JPY)

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The Company's net loss was down 21% to \$3.53 million for the full year (FY2017: \$4.47 million loss), which resulted in an improved income cover of 66% (FY2017: 55%).

Cash balance at the end of the quarter was \$1.6 million, down from \$3.4 million at the end of the previous quarter. A meaningful component of the Q4 sales were made on 24 June during one of the Company's regular television shopping events. Sales revenue from the event was received after the end of the reporting period in July.

Subsequent to the end of the period Cellmid has successfully raised \$9 million via a share placement to institutional and sophisticated investors. Of the total amount raised the issuing of shares for \$7.3 million will be subject to shareholders' approval at the next general meeting to be conducted on or around 7 September 2018. The Company is also providing the opportunity for eligible existing shareholders to participate in a share purchase plan on the same terms as the private placement to raise a further \$1.0 million.

MARKETING AND DISTRIBUTION DEVELOPMENTS DURING THE QUARTER

Cellmid continues to have significant success with its global marketing and distribution strategy and, following the full marketing launch of key products across various channels and markets over FY2018, is pleased to report on a number of additional distribution milestones delivered during the quarter.

USA

Online sales of évolis® Professional via Neiman Marcus, which commenced in September 2017, reached \$60,000 during the period. This was achieved without advertising and driven solely by presence on the Neiman Marcus e-commerce site. Sales were well above collective expectations and resulted in the évolis® Professional collection being ranged in five premium Neiman Marcus locations from September 2018.

Coinciding with the in-store launch in Neiman Marcus it is expected that, as a result of the partnership established in April, Bloomingdales will also commence sales of the évolis® Professional products in September.

During the month of July Soft Surroundings, the Company's third US online retail partner, has also confirmed above expected sales for the e-commerce launch and assigned ten of their 90 stores to start ranging évolis® Professional from August.

This takes the total premium brick-and-mortar retail presence to 16 stores by the end of September 2018. With approximately 2,500 premium stores in sight, the Company will continue to work on expanding its in-store presence in the USA.

CHINA

In May 2018 Cellmid advised that it has entered into an exclusive agreement with Beijing Fukangren Bio-pharm Tech. Co., Ltd ("Fukangren") to distribute its évolis® anti-aging hair care products in the Peoples Republic of China. On behalf of the Company, Fukangren will register the évolis® lotions as hair loss products with the Chinese regulator, SFDA (State Food & Drug Administrator) and will have exclusive rights to sell these products for five years. As part of the distribution agreement with Fukangren Cellmid has secured minimum order quantities for évolis® increasing year on year.

Fukangren commenced planning for the marketing of the Australian manufactured évolis® pharmacy products with potentially 25,000 distribution points (pharmacies and clinics) throughout mainland China. It is expected the product registration will take approximately 12 months.

JAPAN

The évolis® pharmacy and évolis® Professional anti-aging haircare ranges will be sold in Japan from September in pharmacies and premium salons, respectively. This is the first time the Australian manufactured products will be exported to Japan and it follows a period of extensive product testing on Japanese customers assessing both beauty and therapeutic applications.

Television shopping channel QVC continued to deliver the highest sales. With major sales events occurring once or twice annually, this resulted in uneven sales during the various quarters. It is expected that with the expansion of the distribution in other geographies and channels this will be addressed during the coming financial year.

AUSTRALIA

New product launches will form a key part of Cellmid's growth strategy in FY2019. In Australia, the évolis® Professional range will be progressively introduced to targeted pharmacies from July 2018. The évolis® WHITE Mask, which is designed to sit across the pharmacy and Professional ranges, will also be rolled out from July in pharmacies and salons. This will result in an increase in the number of évolis® SKU's from four to 16.

Cellmid announced during Q4 FY2018 that it has entered into a five-year agreement with Labo International S.r.l to undertake the exclusive distribution of Fillerina®, a market leading Swiss anti-aging skincare brand, in Australia and New Zealand. Fillerina® is a world first, patented dermo-cosmetic filler treatment, which has been scientifically proven to reduce facial wrinkles, deliver measurable filling effect, increase facial volumes and decrease the clinical signs of skin aging.

The anti-aging cosmetics market is projected to experience strong growth and Cellmid has identified it as a promising market. The Fillerina® distribution agreement is expected to generate efficiencies for Cellmid through the increased utilisation of the Company's existing évolis® national sales and digital marketing team. Cellmid expects that Fillerina® will add significantly to the Company's profitability.

The Fillerina® product range with 11 SKU's will be launched in Australian pharmacies progressively from September 2018, with 70% of the first order already allocated to participating pharmacies. This takes the pharmacy product range, including évolis® and Fillerina® from 4 to 27 from September 2018.

Details of other new products to be launched in FY2019 are contained in Cellmid's announcement to the ASX on 11 July 2018.

MIDKINE DRUG DEVELOPMENT PORTFOLIO

5TH MIDKINE SYMPOSIUM

Cellmid convened the 5th Midkine Symposium in May 2018, in Munich, Germany. The symposium was well attended with clinicians and scientists from thirteen countries presenting data on Cellmid's midkine technology, particularly its biology and role in disease. Cellmid holds the most comprehensive intellectual property portfolio on midkine globally and the research presented will largely go towards increasing the value of these patents. Research and commercial collaborations arising from the symposium are also expected to accelerate the clinical development path for Cellmid.

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OUTLOOK

Cellmid's recent distribution agreements are expected to deliver a meaningful uplift in revenues from its consumer health division throughout FY2019 – particularly in the US, Australian and Japanese markets. New product launches through existing distribution channels are also expected to deliver additional revenue streams over the next twelve months providing further sales efficiencies. With adequate funding in place to drive key markets the Company expects to reach profitability on a monthly basis during FY2019.

END

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Cellmid Limited (ASX: CDY)

Cellmid is an Australian life sciences company with lead programs in multiple disease indications. The Company, through its wholly owned subsidiaries, Lynamid, Kinera and Advangen, develops and markets innovative novel therapies and diagnostic tests for fibrotic diseases, cancer, ischemic diseases of the heart and hair loss. Cellmid holds the largest and most comprehensive portfolio of intellectual property relating to the novel targets midkine (MK) and FGF5 globally. Intellectual property pertaining to midkine is being exploited through wholly owned subsidiaries Lynamid and Kinera. Advangen, Cellmid's consumer health business, sells its FGF5 inhibitor hair growth products in Australia, Japan, USA and China. For further information, please see www.cellmid.com.au and www.myevolis.com.au.

Advangen Limited and hair growth products

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. 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. With the Fillerina® distribution agreement Advangen has its first skincare range.

Midkine (MK)

Midkine is a growth factor that is highly expressed during embryonic development. Midkine modulates many important biological interactions such as cell growth, cell migration and cellular adherence. These functions are relevant to cancer, inflammation, autoimmunity, ischemia, nerve growth/repair and wound healing. Midkine is barely detectable in healthy adults and only occurs as a consequence of the pathogenesis of a number of different disorders. Midkine expression is often evident very early in disease onset, even before any apparent physical symptoms. Accordingly, midkine is an important early marker for diagnosing cancers and autoimmune diseases. Finally, midkine is only evident in a disease context, and targeting midkine is not expected to harm normal healthy tissues.

Investment in life sciences companies

There are a number of inherent risks associated with the research, development and commercialisation of pharmaceutical products. Investment in companies specialising in these activities carry specific risks which are different to those associated with trading and manufacturing businesses. As such, these companies should be regarded as highly speculative. Cellmid recommends that investors seek professional advice before making an investment in its shares.

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 2018

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	748	5,382
1.2 Payments for		
(a) research and development	(312)	(1,564)
(b) product manufacturing and operating costs	(624)	(1,763)
(c) advertising and marketing	(319)	(1,765)
(d) leased assets	-	-
(e) staff costs	(814)	(2,999)
(f) administration and corporate costs	(451)	(2,463)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	39
1.5 Interest and other costs of finance paid	(4)	(254)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	55	1,002
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,716)	(4,385)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(90)
(b) businesses (see item 10)	-	-
(c) investments	-	-

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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	-	(90)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	1,326
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	-	(23)
3.5	Proceeds from borrowings	-	1,394
3.6	Repayment of borrowings	(39)	(630)
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	(39)	2,067

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	3,355	3,995
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,716)	(4,385)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(90)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(39)	2,067

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	1	14
4.6	Cash and cash equivalents at end of quarter	1,601	1,601

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	1,601	3,355
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)	1,601	3,355

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	63
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		

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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	3,163	3,163
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>		
Platinum Road	A\$2,000,000	Interest Rate 12.00% Secured
<u>Japanese Facilities</u>		
Keiyo Bank Ltd	JPY90,291,000(A\$1,104,259)	Interest Rate 1.50% Unsecured
Chiba Bank Inc.	JPY4,823,000 (A\$58,985)	Interest Rate 2.10% Unsecured

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(180)
9.2 Product manufacturing and operating costs	(450)
9.3 Advertising and marketing	(600)
9.4 Leased assets	-
9.5 Staff costs	(800)
9.6 Administration and corporate costs	(400)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(2,430)

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		

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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:
(CEO / Managing Director)

Date: 31 July 2018

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.

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