

## ASX ANNOUNCEMENT

### CELLMID APPENDIX 4C – Q4 FY2020 BUSINESS ACTIVITY

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#### Highlights for the quarter ending 30 June 2020

- **Record revenue and consumer health sales in Q4:** Revenue for the group in Q4 FY2020 was \$3.06 million (up 115% on pcp). This is the highest revenue to date in any one quarter and the highest ever quarterly consumer health revenue of \$2.88 million (up 107% on pcp).
- **Stable full year on year results:** Total FY2020 revenue of \$8.51<sup>1</sup> million remained stable despite COVID-19 related economic disruption (up 2% on pcp). The Company remained resilient to the effects of the pandemic and consumer health revenue also remained stable at \$7.40 million (up 1% on pcp).
- **New distribution channels continue to perform well:** In FY2020, sales revenue in Australia was up 45% yoy and in the USA up 51% yoy. New ecommerce retailers and television shopping performed strongly during FY2020 compensating for closed brick-and-mortar retail in Australia and the USA.

**SYDNEY, Wednesday, 22 July 2020: Cellmid Limited (ASX: CDY)** provides the following business activity report for Q4 FY2020.

#### Advangen – Consumer Health

The consolidated consumer health revenue was up by 1% in FY2020 to \$7.40 million (FY2019: \$7.34 million) and up by 107% in Q4 FY2020 to \$2.88 million (Q4 FY2019: \$1.39 million). As retail channels started to open, there was positive sales momentum in all markets during Q4 FY2020. Japan was up 114% to \$2.35 million (Q4 FY2019: \$1.10 million), Australia was up 103% to \$409K (Q4 FY2019: \$202K) and the US was up 44% to \$129K (Q4 FY2019: \$89K). This is a very strong result, especially in the absence of brick-and-mortar retail activity in some of the Company's key channels for 3-4 months during the pandemic.

#### Advangen Inc. - Japan

Consumer health sales in Japan were down by 6% for the full FY2020 to \$5.54 million (FY2019: \$5.92 million). The Japanese business accounted for 73% of the consumer revenue in FY2020, largely consistent with historic ratios. Strong Q4 FY2020 revenue of \$2.35 million was primarily the result of the QVC Today's Special Value (TSV) event and the reopening of the Chinese export of Lexilis and Jo-Ju in April 2020, following three months of lock-down. Professional salon sales of the Lexilis® branded FGF5 inhibitor products have been stable year on year.

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<sup>1</sup> All results quoted in this Activity Report are unaudited.

There has been a growth in demand for the Company's Jo-Ju® and Lexilis® branded hair loss products in China. These brands are trademarked, have import permits and can be sold through either cross-border ecommerce or local retail in China. The Company will continue to focus on these established brands to address the demand for effective, premium hair loss products in the Chinese market.

Research and development in the Company's hair biology laboratories in Tokyo resulted in several new product prototypes, which are currently tested in customer experience studies. New products are expected to be launched in the Company's existing distribution channels in Japan initially, including television shopping.

### **Australia**

Consumer health sales in Australia were up 45% for the full FY2020 to \$1.44 million (FY2019: \$994K). The Australian business accounted for 19% of global consumer sales in FY2020, with pharmacy wholesalers (API) and e-commerce representing the most significant channels. Television shopping channel (Openshop) has delivered increasing revenue in Australia. Despite the growth in e-commerce and TV shopping, the COVID-19 pandemic had a negative impact during 4Q FY2020, particularly with the delay of the Priceline experiential marketing launch.

### **Update on trading, supply, and distribution agreements**

#### **API/Priceline**

Cellmid signed a trading agreement with API in November 2019 (see ASX announcement 6 November 2019). Pursuant to the agreement the evolix® Professional products have been available in 400 Priceline stores since November 2019, as well as on priceline.com.au. Whilst the COVID-19 pandemic meant that the experiential marketing launch, originally planned from March 2020 onwards, has been delayed, API was the Company's most significant single revenue source in Australia in FY2020. Digital marketing launch activities commenced in July 2020, although in-store events have been postponed again most recently due to the resurgence of the pandemic.

#### **Openshop**

Cellmid signed an agreement with TV shopping channel, Openshop, in October 2019 (see ASX announcement 3 October 2019) for the sale of the evolix® Professional products. The partnership with Openshop has been very successful with several television sales events and increasing revenue. The evolix® Professional REVERSE and PROMOTE brands have already been launched together with the evolix® Professional Style and Treat Dry Shampoo. In addition to the sales from this channel the partnership with Openshop has also been important for branding.

#### **Douglas GmbH (Douglas)**

Cellmid advised the market in October 2019 (see ASX announcement 1 October 2019) that it has entered into a supply agreement with Douglas, the largest cosmetics retailer in Europe. The evolix® Professional branded anti-aging hair products have since been launched on douglas.com.de, and the Company is receiving small but regular orders.

Cellmid conducted a very successful head office launch in January 2020 and Douglas remains an important partnership for Cellmid's European activities in FY2021.

#### **Aeon International Pty Ltd (Aeon)**

Cellmid signed an exclusive distribution agreement in October 2019 with Aeon for the sale of the evol<sup>is</sup>® Professional products in e-commerce channels in China (see ASX announcement 1 October 2019). Aeon has since secured a dedicated T-mall store for the evol<sup>is</sup>® Professional brand and continues to prepare for marketing activities, albeit with significant interruptions due to the pandemic.

#### **Beijing Fukangren Biopharm (Fukangren)**

Cellmid signed an agreement with Fukangren in May 2018 (see ASX announcement 2 May 2018) for the distribution of the evol<sup>is</sup>® branded hair loss shampoos and lotions (Australian pharmacy range) in pharmacies in China. Chinese pharmacy sales of evol<sup>is</sup>® require import permits as special purpose cosmetics. Fukangren filed applications for import permits in early 2019, however regulation of special purpose cosmetics, such as evol<sup>is</sup>®, has changed during the application process. The new laws (Cosmetic Supervision and Administration Regulation or CSAR) have since been announced in June 2020. Cellmid is currently assisting Fukangren in the filing of an amended application under the new regulatory regime.

#### **K2B Co., Ltd (K2B)**

Cellmid signed an exclusive distribution agreement with K2B in August 2019 (ASX announcement 6 August 2019) for the distribution of its evol<sup>is</sup>® branded hair loss products in Korea. Preparations for the planned Q4 FY2020 Korean launch stalled in January 2020 and have not yet recommenced due to the COVID-19 pandemic.

#### **Labo International S.r.l (Labo)**

Cellmid entered into an agreement with Labo to become the exclusive distributor of Fillerina®, a Swiss anti-aging skin care brand in April 2018 (ASX announcement 4 April 2018). Cellmid continues the sale of the Fillerina® products through its ecommerce channels.

#### **USA**

Consumer health sales in the US were up 51% in FY2020 to \$626K (FY2019: \$415K) and up 44% in Q4 FY2020 to \$129K (Q4 FY2019: \$89K). The US business accounted for around 8% of the global consumer sales in FY2020. The business remains affected by the severity of the pandemic locally, however ecommerce sales through retailers such as **Bloomingdales**, **Saks** and **Macy's** started to grow again towards the end of the quarter.

The Company launched the evol<sup>is</sup>® Professional products on Amazon (USA) in June 2020. Orders from other pure ecommerce retailers such as Dermstore have been regular during the quarter. No orders have been received from **Soft Surroundings** with their stores mostly closed during the period. Importantly, the Company's most significant retail customer in the USA, **Neiman Marcus**, has started to open its stores and placed orders to restock the evol<sup>is</sup>® Professional products. Their ecommerce activities have also recommenced in June 2020.

As noted in the ASX announcement of 27 March 2020, and further in the Quarterly Activity report on 27 April 2020, the Company will continue to monitor operational expenditure closely. Most of the Company's marketing channels have started to open during Q4 FY2020 which resulted in the strong performance.

### **Lynamid – funding and partnership activities**

As noted in the quarterly activity report dated 27 April 2020 some of the business development activities have slowed down due to the COVID-19 pandemic and have not fully recommenced during Q4 FY2020. Lynamid staff has been operating on 40% capacity and will remain at that level in the immediate future. As companies in Europe and in the UK started to return to their offices and their laboratories from 1 July 2020, we anticipate progress in some of the ongoing negotiations in the coming months.

### **New product line - SARS-CoV-2 testing**

During Q4 FY2020 Cellmid secured access to and/or supply of a broad range of SARS-CoV-2 tests, including antibody and nucleotide tests as well as laboratory based and point of care (POC) assays (see ASX announcements 27 March 2020, 4 June 2020, 2 July 2020 and 7 July 2020). During Q4 FY2020, the Company submitted the Wondfo POC test to the Doherty Institute for validation where in the most relevant period of 14+ days following the onset of symptoms it was shown to have the equal highest sensitivity of the tests reviewed so far (see ASX announcement 15 June 2020 for full details).

Cellmid received the first commercial shipment of 12,000 Wondfo POC tests on 14 April 2020 (ASX announcement, 14 April 2020) and sold around 1,500 tests to medical practitioners since. Markets for SARS-CoV-2 tests continue to evolve as the pandemic develops and as the Government and regulators define national objectives around data on seroprevalence and infectious state. The impact of these sales on our FY2020 results has not been material. As the pandemic is expected to persist for many months, if not years, Cellmid will continue to seek out opportunities for SARS-CoV-2 testing in Australia and overseas.

### **COVID-19 pandemic**

As markets will begin to open in FY2021 the impact of the COVID-19 pandemic on our consumer health business is expected to lessen. Marketing channels that require in person activities will continue to be affected, however the Company's substantial ecommerce activities, direct to consumer and through third party retailers, are likely to drive sales. We continue to participate in the federal and state governments' COVID-19 support initiatives when eligible, however such benefit is not material to the business. Most staff are now working from our offices, except in the US, and we continue to implement increased hygiene measures and physical distancing between working stations to reduce the risk of infection.

Cellmid has closed Q4 FY2020 with a cash balance of \$6.97 million, not including the \$1.19 million from sales on QVC Japan in June 2020 to be received in July, which accounts for the difference in cash receipts compared with Q3 FY2020. Compared with the previous quarter there was a reduction in cash out for manufacturing, staff and research and development, and an increase in cash out for advertising and marketing as well as paying for administrative costs including those associated with capital raising. Related party payments totaling \$144,000 have been made during the quarter comprising of executive and non-executive directors' fees and salaries for the board members of Cellmid.

Cellmid closed Q4 FY2020 with a strong cash balance, record revenue and consumer health sales and new marketing channels that have started to open following the lock-down due to the COVID-19 pandemic.

Approved for release by the Board of Directors.

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

Cellmid is an Australian life sciences company with a consumer health business and biotech assets in development. Advangen 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). Cellmid's wholly owned subsidiary, Lynamid, develops innovative novel therapies and diagnostic tests for age related diseases including inflammatory and autoimmune conditions. Most recently Cellmid secured access to a range of SARS-CoV-2 antibody and nucleotide tests, both point of care and laboratory based, from various suppliers

### **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 2020**

<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	1,097	8,238
1.2 Payments for		
(a) research and development	(135)	(664)
(b) product manufacturing and operating costs	(523)	(3,700)
(c) advertising and marketing	(468)	(1,567)
(d) leased assets	-	-
(e) staff costs	(789)	(4,005)
(f) administration and corporate costs	(878)	(2,841)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	9	18
1.5 Interest and other costs of finance paid	(16)	(81)
1.6 Income taxes paid	-	(130)
1.7 Government grants and tax incentives	-	840
1.8 Other (provide details if material)	-	53
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,703)</b>	<b>(3,839)</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	-	-
(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	-	-
	(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>-</b>	<b>-</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	6,303	8,847
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	(400)	(536)
3.5	Proceeds from borrowings	-	84
3.6	Repayment of borrowings	(136)	(490)
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>5,767</b>	<b>7,905</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	3,048	3,082
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,703)	(3,839)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

<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)	5,767	7,905
4.5	Effect of movement in exchange rates on cash held	(142)	(178)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>6,970</b>	<b>6,970</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	6,835	2,054
5.2	Call deposits	135	994
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>6,970</b>	<b>3,048</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	144
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>		

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</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>		
7.1 Loan facilities	1,167	1,167
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 <b>Total financing facilities</b>	1,167	1,167
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></p> <p>Unsecured 10-year loan with Keiyo Bank; \$1,198,566 (JPY 88,622,000) at 1.20% - 1.50% pa. Various Maturity dates:</p> <ul style="list-style-type: none"> <li>• JPY 28.7M – 12 March 2028</li> <li>• JPY 33.9M – 25 March 2025</li> <li>• JPY 9.0M – no specific maturity date</li> <li>• JPY 17.0M – 25 Sept 2024</li> </ul> <p>Unsecured 5-year loan with Chiba Bank; \$11,022 (JPY 815,000) at 2.10%. Maturity date: 25 November 2020.</p> <p><b><u>Australia</u></b></p> <p>Insurance Premium Funding with Attest Finance Pty Ltd; \$42,129 at 5.40% payable by 25 February 2021.</p>		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,703)
8.2 Cash and cash equivalents at quarter end (item 4.6)	6,970
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	6,970
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	4.1
<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: 22 July 2020

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.