

ASX ANNOUNCEMENT

CELLMID SIGNS 10 YEAR CHINESE DISTRIBUTION AGREEMENT

SYDNEY, Monday, 14 December 2020: Cellmid Limited (ASX: CDY) is pleased to advise that it has signed, via its subsidiaries Advangen Limited and Advangen Inc (Japan), an exclusive master distribution agreement (Agreement) with Ourui Health Management Limited (Distributor) for the distribution of its Japanese, Ju-Ju® and Lexilis® branded, anti-aging hair and skincare products (Products).

Ourui Health Management Limited is based in Hong Kong and was founded by serial beauty entrepreneur Mr Steven Ko. Mr Ko was one of the founders of Red Earth, an Australian make-up brand sold through 600 retail stores in 45 countries before it was acquired by Esprit in 2001. Other successful brands in Mr Ko's stable include SkinVitals, the face masks that are sold in Sephora, and Pearlosophy, a natural skin care brand using pearl extract and sold in China through social channels. Mr Ko will be utilizing an omnichannel approach when marketing Ju-Ju® and Lexilis®, primarily focusing on social commerce.

Cellmid CEO, Maria Halasz said "This is a transformational deal for Cellmid, as it completes the foundation of our China growth strategy. We expect this Agreement, together with the recently revised Aeon International agreement for the evolus® pharmacy products¹, could contribute up to 40% of the revenue by FY2023, as outlined in our recent growth strategy update."²

Key terms of the Agreement are:

- **Ten-year agreement:** It is for a period of ten years, extendable by ten additional years, subject to performance by the Distributor and is exclusive for Asia (including all countries except Japan).
- **Distributor to invest in marketing:** The Distributor will bear the costs of marketing, brand building, social media, live streaming, celebrity endorsements and traffic campaigns.
- **Minimum purchase orders:** The Distributor must order the Minimum Annual Purchase Requirement of 500,000 units of products collectively across the two brands in year 1 and 1,000,000 units of products in Year 2, with double digit (percentage) annual purchase increases thereafter.
- **Effect on FY2021 revenue:** Shipment of products under the Agreement is expected to commence during the second half of FY2021.
- **Termination:** The Agreement may be terminated by either party in the event of a breach. From year 2 onwards, not meeting the Minimum Annual Purchase

¹ ASX Announcement dated 12 November 2020, page 12

² ASX Announcement dated 12 November 2020, Growth Strategy Presentation

Requirement by the Distributor is a breach of the Agreement. Either party may also terminate the Agreement if there is a change in ownership or control of the counterparty.

“Jo-Ju® and Lexilis® are new brands in China, however, there is an enormous and growing market for hair growth products, especially those with proven efficacy and strong scientific story like Advangen’s Japanese brands” said Mr Ko.

“I have worked with Chinese distributors of Australian beauty brands for the last five years and I have tremendous confidence in Mr Ko’s business model and his ability to meet and exceed his sales targets. He is a brilliant marketer with an understanding of our products and his target customer” said Cellmid’s Asian Business Development Director, Carolyn Heath.


Approved for release by the Board of Directors.

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Contact:

Maria Halasz, CEO

T +612 9221 6830

 @mariahalasz

Cellmid Limited (ASX: CDY)

Cellmid is an Australian company developing first in class, best in class, clinically validated anti-aging products for hair, skin and body. The Company’s first collection is based on novel FGF5 inhibitors formulated as hair care products. The Company owns the Jo-Ju®, Lexilis®, evolix® and evolix® Professional brands and has operations in Australia, Japan and the USA. 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.