

## ASX ANNOUNCEMENT

### CELLMID LIMITED NOTES TO THE APPENDIX 4C

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#### Highlights for the quarter ending 31 March 2018:

- Record receipts from customers of \$2.2 million, an increase of 81% in Q3 FY2018 compared with Q3 FY2017
- Consumer health sales for FY2018 YTD of \$4.49 million (versus total FY2017 sales of \$4.45 million)
- Cash balance as at 31 Mar 2018 of \$3.4 million (31 Dec 2017: \$3.5 million)
- Global marketing and distribution strategy delivering results
- Mr Dennis Eck appointed as Non-Executive Director
- Entered into exclusive distribution agreement for Fillerina®, a market leading anti-aging skincare brand, in Australia and NZ in April 2018

**SYDNEY, Monday, 23 April 2018: Cellmid Limited (ASX: CDY)** today released its Appendix 4C Quarterly Cash Flow report for the third quarter of the 2018 financial year (Q3 FY2018).

Cellmid reported \$3.4 million in cash on hand as at 31 March 2018 which included a record quarter of receipts of \$2.2 million, an 81% increase compared with the prior comparable period (Q3 FY2017: \$1.2 million).

A significant portion of the cash receipts in Q3 FY2018 were attributable to a strong December sales performance in the consumer health division, particularly the sales of Advangen products via Japanese based TV shopping channel, QVC. The Japanese subsidiary continues to be cash flow positive.

Consumer health revenues for FY2018 to date have reached \$4.49 million, exceeding total sales for FY2017 for the division (FY2017: \$4.45 million). This is a strong indication of the expected sales growth in FY2018 with the additional impact of US e-commerce sales (launched in September 2017), and entry into China in the near term.

An intercompany loan of \$281K was repaid by subsidiary Advangen Inc (Japan) to Cellmid Limited during the reporting period, and the Japanese loan facilities have been renegotiated resulting in a lower average interest rate of 1.8% over terms of up to 10 years.

#### MARKETING AND DISTRIBUTION DEVELOPMENTS

Cellmid has undertaken a full marketing launch of key products across various markets and channels over FY2018 YTD.

Significantly, the Company has recently launched its new global website for évolis® in April 2018, including its AU portal. Final upgrades including improved CRM and customer service capabilities are due to be completed during Q4 FY2018 and are expected to deliver significant revenue increases once complete. E-commerce is expected to be an increasing driver of sales growth in the coming year in Australia.

Cellmid's US distribution strategy is also delivering results with two leading US retail partners for the évolis® Professional product range, Neiman Marcus and Soft Surroundings, with further partnerships expected to come online in 2018.

Japan continued to be the most significant source of revenue through television shopping channel QVC. This channel is expected to expand into other regions in 2018.

A further QVC Japan sales event is expected in June 2018.

### **SIGNIFICANT BOARD APPOINTMENT**

Cellmid announced during Q3 FY2018 that it had appointed Mr Dennis Eck to the Board as a Non-Executive Director. Mr Eck has 40 years senior executive and board experience in the retail sector leading the strategic direction of companies such as American Stores, Vons and ULTA in the US and Coles Myer in Australia.

Mr Eck will bring valuable expertise to Cellmid's product and distribution strategy and his experience and insights will also be important to guide Cellmid's market development. His appointment is a strong validation of the global potential of building an anti-aging consumer product portfolio.

### **FILLERINA® DISTRIBUTION AGREEMENT**

Subsequent to Q3 FY2018, Cellmid announced 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 non-injectable 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 highly attractive and valuable target market. Additionally, Fillerina® is complimentary to the Company's évolis® haircare range with its innovative, patented technology. 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.

### **OUTLOOK**

Cellmid is well placed to deliver revenue growth in FY2018, particularly when considering the year to date revenue performance that has already exceeded last year's total sales and planned marketing and distribution initiatives scheduled to occur prior to financial year end. New revenue streams from the Company's distribution channel strategy and the launch of new products are expected to drive additional growth into FY2019.

Cellmid lodged an Investor Presentation with the ASX on 10 April 2018 that contains detailed information regarding the Company's product range and growth strategies.

Cellmid will also be convening the 5th Midkine Symposium in May 2018 in Munich, Germany. A comprehensive program of presentations from key opinion leaders will be delivered. The strong program and high calibre of speakers continue to reflect the value of developing new treatments based on midkine for several clinical indications. Cellmid has the most significant midkine IP portfolios worldwide.

**Contact:**

<b>Company</b>	<b>Investor Relations</b>	<b>Media</b>
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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, Lyramid, 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 Lyramid 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](http://www.cellmid.com.au) and [www.myevolis.com.au](http://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")**

31 MARCH 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,202	4,634
1.2 Payments for		
(a) research and development	(388)	(1,252)
(b) product manufacturing and operating costs	(143)	(1,139)
(c) advertising and marketing	(477)	(1,446)
(d) leased assets	-	-
(e) staff costs	(828)	(2,185)
(f) administration and corporate costs	(833)	(2,012)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	8	35
1.5 Interest and other costs of finance paid	(245)	(251)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	947
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(704)</b>	<b>(2,669)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(82)	(90)
(b) businesses (see item 10)	-	-
(c) investments	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date \$A'000</b>
(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)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(82)</b>	<b>(90)</b>

<b>3. Cash flows from financing activities</b>		
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	1,138	1,394
3.6 Repayment of borrowings	(535)	(591)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>603</b>	<b>2,106</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	3,509	3,995
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(704)	(2,669)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(82)	(90)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	603	2,106

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	29	13
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>3,355</b>	<b>3,355</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	3,355	3,509
5.2	Call deposits	-	-
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>3,355</b>	<b>3,509</b>

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
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		

<b>7.</b>	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1	Aggregate amount of payments to these parties included in item 1.2	94
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		

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	3,203	3,203
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	JPY93,000,000(A\$1,138,320)	Interest Rate 1.50% Unsecured
Chiba Bank Inc.	JPY5,324,000 (A\$65,166)	Interest Rate 2.10% Unsecured

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	(180)
9.2 Product manufacturing and operating costs	(250)
9.3 Advertising and marketing	(300)
9.4 Leased assets	-
9.5 Staff costs	(800)
9.6 Administration and corporate costs	(400)
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>(1,930)</b>

<b>10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
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		

### 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: 23 April 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.