

ASX ANNOUNCEMENT

CELLMID NOTES TO THE APPENDIX 4C

Highlights for the quarter ending 31 March 2019

- **Strong consumer health sales:** The consumer health business, Advangen, continues to grow steadily, with revenue of \$1.4 million in the third quarter of FY2019, up 25% on the previous corresponding quarter.
- **Low operating cash burn:** The cash balance as at 31 March 2019 was \$4.9 million, down from \$5.4 million as at 31 December 2018, with reducing operating cash burn of \$552K in the third quarter of FY2019.
- **On track to profitability in FY2020:** Cellmid confirms that the current cash reserves will fund operations through to profitability in FY2020, as consumer health sales continue to grow across Japan, China, USA and Australia, including e-commerce.
- **Near term value creating opportunities:** European import permits, ongoing progress in the activation of the US premium retail distribution, e-commerce launch of évolis® Professional in Japan and Chinese FDA approvals for the évolis® pharmacy products remain near term value creation opportunities.

SYDNEY: Monday, 29 April 2019: Cellmid Limited (ASX: CDY) provides the following notes to its Appendix 4C Quarterly Cash Flow report for the third quarter of the 2019 financial year (Q3 FY2019).

Cash receipts of \$2.0 million reflect the record high sales of \$2.2 million in the second quarter of FY2019. Consumer health sales were \$1.4 million in the third quarter of FY2019, up 25% on the previous corresponding period and the highest ever for any past corresponding third quarter. The underlying consumer health sales growth, excluding the impact of AASB 15 was 28%.

The change in revenue recognition pursuant to AASB 15 has a negative effect on top line revenue, but it does not impact net profit, as AASB 15 is primarily manifested in the way marketing contributions to retailers are accounted for.

The cash balance was \$4.9 million at 31 March 2019, down \$552K from \$5.4 million at 31 December 2018. This represents a significant improvement in operating cash burn in the third quarter of FY2019 and is the result of continued focus on implementing cost efficiencies while growing revenue.

Figure 1 below shows quarterly consumer health sales since the beginning of FY2018. Although quarterly sales remain uneven due to the nature of wholesale orders in the various distribution channels, the consumer health business shows a trend of solid growth. This positive trend is expected to intensify as increased business development activity, following on from the capital raising and subsequent appointment of new staff, will start to deliver results in the coming months.

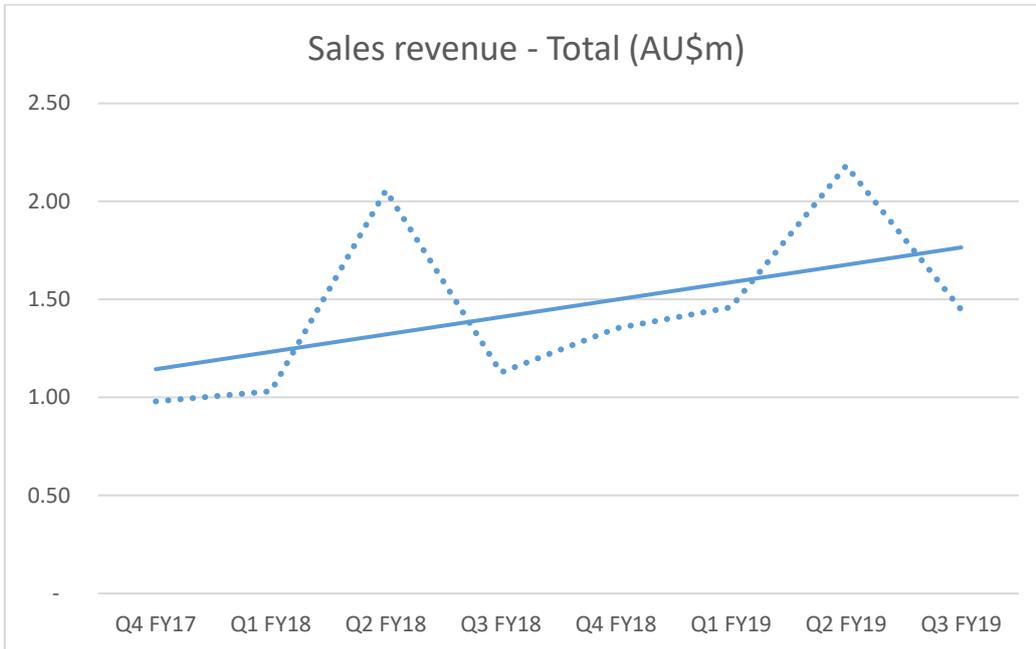


Figure 1. Advangen quarterly sales revenue from the beginning of FY2018 (The last three quarters are after AASB 15 effect)

Comparing quarter on quarter revenues Q1 FY2019 sales were 50% higher than Q1 FY2018, Q2 FY2019 sales were 5% higher than Q2 FY2018 and Q3 FY2019 revenue was 25% above Q3 FY2018, despite the negative impact of AASB 15 on the top line revenue over the last three quarters.

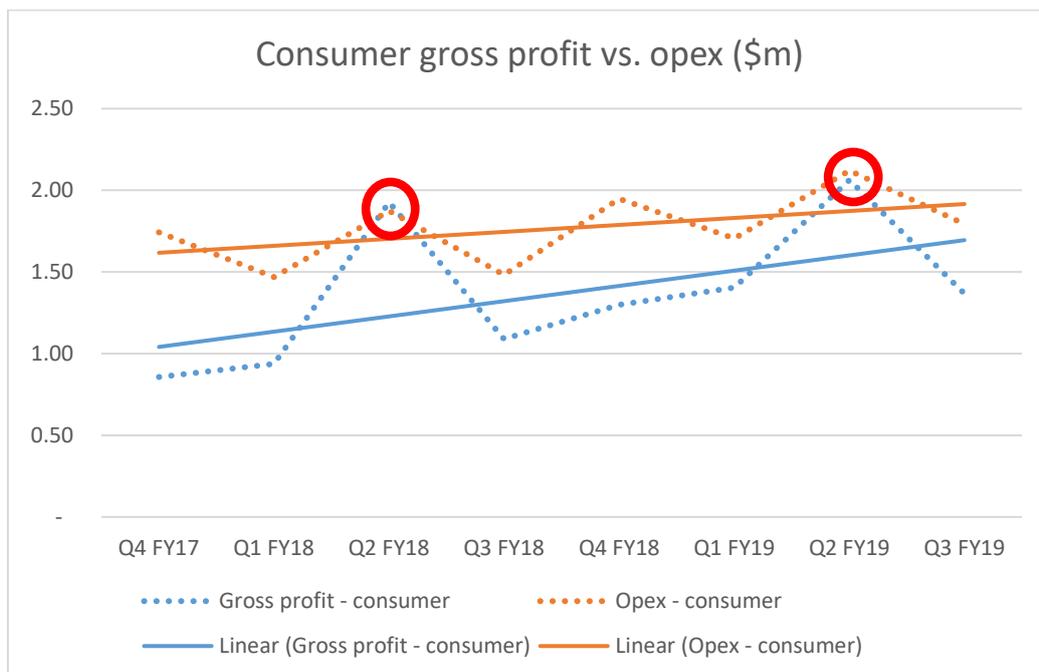


Figure 2. Consumer health gross profit vs. operational expenditure (\$M)

Figure 2 shows the relationship between the gross profit and operational expenditure within the consumer health business. As gross profit continues to increase, and operational expenses remain largely stable, there is a solid trend towards overall profitability. This trend is confirmed when analysing group operational cash flows in **Figure 3**. Cash outflows vary in line with cyclicity in revenue, however, cash outflows from ordinary activities remained substantially the same over the past two years, while cash inflows show a rising trend.

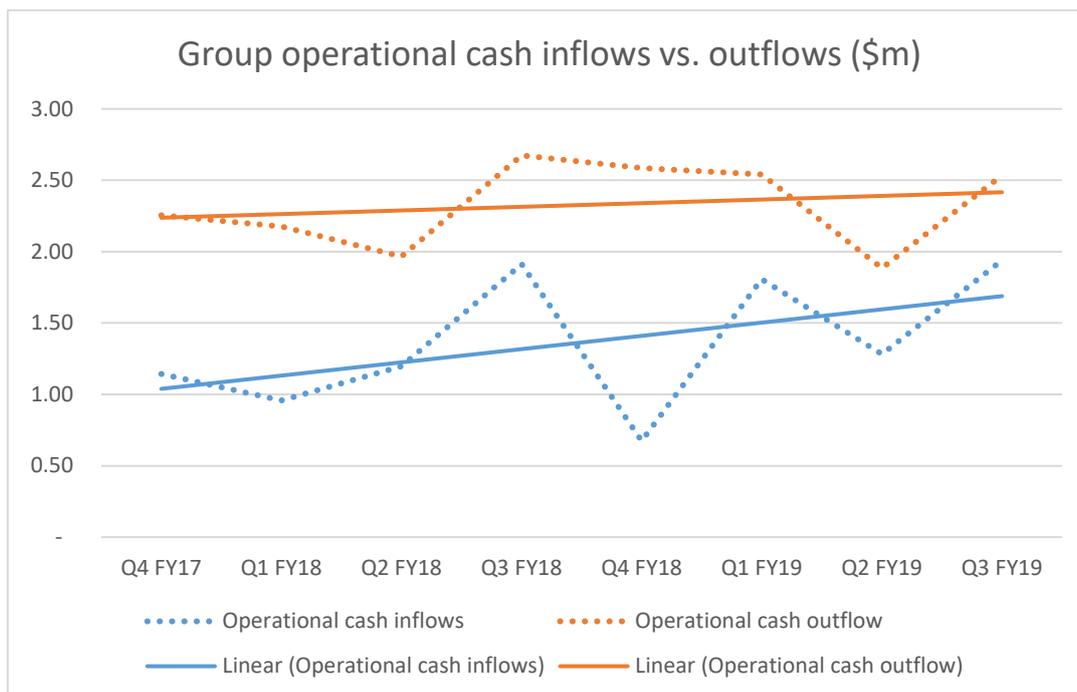


Figure 3. Group operational cash inflow vs outflows (\$m)

SUMMARY

Consistent with its strategic plan released in February 2019, the Company is progressing towards its target of profitability in FY2020. With a strong focus on increasing sales in all channels the consumer health business is also showing disciplined spending.

Near term value creating opportunities for the Company remain obtaining European import permits, ongoing progress in the activation of the US premium retail distribution, e-commerce launch of évolis® Professional in Japan and targeting Chinese FDA approvals for the évolis® pharmacy products.

A precursor to the separation of the consumer health and biotech assets, the Company has recently announced a buy-back of unmarketable share parcels. Once completed, a reduced share registry will result in additional savings.

Further operational updates, including the midline business, released on 26 March 2019 to the ASX can be found on the following [link](#).

END

CONTACT

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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 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. For further information, please see www.cellmid.com.au and www.myevolis.com.au.

Cellmid also has two wholly owned subsidiaries, Lynamid and Kinera, which develop innovative novel therapies and diagnostic tests for fibrotic diseases, cancer and ischemic diseases of the heart. Cellmid holds the largest and most comprehensive portfolio of intellectual property relating to the novel targets midkine (MK) globally.

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 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 2019

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	2,031	5,120
1.2 Payments for		
(a) research and development	(196)	(594)
(b) product manufacturing and operating costs	(354)	(1,847)
(c) advertising and marketing	(135)	(670)
(d) leased assets	-	-
(e) staff costs	(1,013)	(2,842)
(f) administration and corporate costs	(913)	(1,702)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	47	63
1.5 Interest and other costs of finance paid	(19)	(228)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	808
1.8 Other (provide details if material) *	-	(2,188)
1.9 Net cash from / (used in) operating activities	(552)	(4,080)

*Includes payment of the IKON judgement and one-off legal fees.

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(6)	(28)
(b) businesses (see item 10)	-	-
(c) investments	-	-

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	(6)	(28)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	10,025
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	-	(470)
3.5 Proceeds from borrowings	66	66
3.6 Repayment of borrowings	(37)	(2,187)
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	29	7,434

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	5,412	1,608
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(552)	(4,080)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(6)	(28)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	29	7,434

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	(26)	(77)
4.6	Cash and cash equivalents at end of quarter	4,857	4,857

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	4,857	5,412
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)	4,857	5,412

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	47
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		

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	1,154	1,154
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>		
Hunter Premium Funding A\$8,966	Interest Rate 5.20%	Unsecured
<u>Japanese Facilities</u>		
Keiyo Bank Ltd	JPY91,164,000 (A\$1,104,878) Interest Rate 1.50%	Unsecured
Chiba Bank Inc.	JPY3,320,000 (A\$40,237) Interest Rate 2.10%	Unsecured

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(200)
9.2 Product manufacturing and operating costs	(500)
9.3 Advertising and marketing	(300)
9.4 Leased assets	-
9.5 Staff costs	(1,100)
9.6 Administration and corporate costs	(500)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows (not including cash inflows)	(2,600)

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		

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: 

Date: 29 April 2019

(CEO / Managing Director)

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.