

1 August 2019

Ms Lisa Banh
Senior Adviser, Listings Compliance (Sydney)
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

By email: lisa.banh@asx.com.au

RE: Appendix 4C Query

We refer to your letter of 30 July 2019 to Cellmid Limited ("Cellmid" or the "Company") and respond to your specific queries as follows:

1. Does CDY expect that it will continue to have negative operating cash flows for the time being and, if not, why not?

Cellmid expects that it will have negative operating cashflow for the next quarter, however at a significantly reduced rate to 4Q FY2019. As reported in the Notes to the Appendix 4C 4Q FY2019 (Notes), the Company achieved record sales in the quarter. The cash from these sales will be received in the current quarter (1Q FY2020). As a result, whilst net cash outflows are expected to remain somewhat negative, cash inflows from the 4Q FY2019 sales are expected to reduce the net cash outflows significantly during this 1Q FY2020.

The Appendix 4C does not have an appropriate section allocated to provide for expected cash inflows, hence the cash outflows of \$2.56 million do not take into account the cash inflows expected from its record sales in 4Q FY2019. This was noted in the Appendix 4C.

Cellmid further advises that it expects to reach operational profitability during FY2020 with several cash flow positive months.

2. Has CDY 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?

Cellmid does not intend to raise additional funding in the immediate future. Cellmid monitors its cash position on an ongoing basis and believes that it has sufficient cash reserves to meet its current plans, including its plan to reach operational profitability in FY2020.

3. Does CDY expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Cellmid expects to be able to continue its operations and to meet its current objectives. The basis for this has been outlined in detail in the Notes and are as follows:

- a) Cellmid has had several years of sustained revenue growth and achieved approximately 39% growth in FY2019. Cellmid expects its operational revenue to continue to grow in FY2020.
 - b) Cellmid has continued to show operational efficiencies and does not anticipate significant increase in its operational costs.
 - c) Cellmid expects that in FY2020 its revenue will exceed relevant costs to reach operational profitability in FY2020.
4. Please confirm that CDY is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.

Cellmid confirms its compliance with listing rule 3.1. Cellmid has provided detailed information to the market on its financial position, operational results and its expectation to reach operational profitability in FY2020 in the Notes.

5. Please confirm that CDY's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of CDY with delegated authority from the board to respond to ASX on disclosure matters.

Responses to these questions have been authorised and approved by the Company's board of directors.

We trust this answers your queries.

For and on behalf of the Board.



Lee Tamplin
Company Secretary



30 July 2019

Mr Lee Tamplin
Company Secretary
Automatic Group

By email:

Dear Mr Tamplin

Cellmid Limited ('CDY'): Appendix 4C Query

ASX refers to CDY's Appendix 4C quarterly report for the period ended 30 June 2019 lodged with the ASX Market Announcements Platform and released on 26 July 2019 (the 'Appendix 4C').

ASX notes that CDY has reported:

- negative net operating cash flows for the quarter of \$1,811,000;
- cash at the end of the quarter of \$3,082,000; and
- estimated cash outflows for the next quarter of \$2,560,000.

It is possible to conclude, based on the information in the Appendix 4C, that if CDY were to continue to expend cash at the rate indicated by the Appendix 4C, CDY may not have sufficient cash to continue funding its operations.

Request for Information

In view of that, ASX asks CDY to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7A:

1. Does CDY expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has CDY 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?
3. Does CDY expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that CDY is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.
5. Please confirm that CDY's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of CDY with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that CDY considers may be relevant to ASX forming an opinion on whether CDY is complying with Listing Rule 12.2 that a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9.30 AM AEST Friday, 2 August 2019**.

If we do not have your response by then, ASX will have no choice but to consider suspending trading in CDY's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, CDY's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market. Your response should be sent to me by e-mail at ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1 and 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to CDY's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that CDY's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in CDY's securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Regards

Lisa Banh
Senior Adviser, Listings Compliance (Sydney)