

ASX ANNOUNCEMENT

CELLMID LIMITED NOTES TO THE APPENDIX 4C

Highlights for the quarter ending 30 September 2018:

- Customer receipts for the first quarter of FY2019 at \$2.01 million, up 100% from the same period in FY2018 (\$1.01 million)
- Consumer health sales at \$1.55 million for the quarter, up 50% compared with \$1.03 million in the same period in FY2018
- Successful US retail store launch with experiential marketing events in 13 locations
- Positive preclinical results for midkine antibody (CAB102) in FSGS towards orphan drug application

SYDNEY, Monday, 15 October 2018: Cellmid Limited (ASX: CDY) provides the following notes to its Appendix 4C Quarterly Cash Flow report for the first quarter of the 2019 financial year (Q1 FY2019).

Customer receipts from sales reached \$2.01 million for Q1 FY2019, which represents a 100% increase on receipts for the same period last year (Q1 FY2018: \$1.01 million). Consumer health sales for Q1 FY2019 were up 50% at \$1.55 million compared with the same period in FY2018 (Q1 FY2018: \$1.03 million).

Sales in all three geographies (Australia, Japan and USA) grew compared with the same period last year. The USA recorded the highest growth rate, while Japan continues to represent the largest amount in terms of sales revenue.

Cash balance at the end of the quarter was \$9.26 million, up from the \$1.61 million at the end of the previous quarter. Following the successful completion of the \$10.03 million (ex-costs) private placement and share purchase plan in September 2018 the Company repaid \$1.00 million of the \$2.00 million Platinum Road R&D loan facility during the quarter. The remaining \$1.00 million is expected to be repaid with interest in 2Q FY2019.

Other significant cash outflows related to inventory manufacture, which was \$1.16 million compared with \$179K in the same period in FY2018 to service anticipated sales growth.

MARKETING AND DISTRIBUTION DEVELOPMENTS DURING THE QUARTER

USA

The Company successfully completed 13 store launches across Neiman Marcus, Soft Surroundings and Bloomingdales during the quarter. The evolix[®] launch team received strong support from sales associates and department managers, which in turn resulted in a high participation in product training.

Events were held on the strongest sales days of Friday to Sunday from late August. Most of the experiential sales events either met or exceeded expectations in relation to sales volumes, customer feedback and repeat visit bookings. The Company has been engaged with the buying offices to make these events even more effective in the future and expand the distribution beyond the current store numbers.

Supporting the store launches our public relations campaign generated around 606 million impressions representing over US\$340,000 in advertising value, delivered at a fraction of that cost, since March 2018. Publications such as Spotlyte, WWD, Fashionista and Yourtango featured evolis® products and ingredients in addition to endorsements by celebrity stylists. A major outreach during the second week of October is expected to add significantly to evolis® features in various publications in the future.

JAPAN

Australian brands evolis® and evolis® Professional were launched in Japan during the quarter. In addition to ranging the products in Cellmid's Hair Biology concept store in Ginza selected hair salon and pharmacies started ordering the products.

The next major television shopping day is expected to be held at the end of November and manufacturing of the J-Ju® branded products commenced to ensure sufficient inventory will be available for the day.

Sales in the Hair Biology concept store in Ginza increased significantly during the quarter, mostly from the existing Japanese brands. The notable increase in traffic by Chinese visitors, who often purchase in bulk, is expected to continue during FY2019.

CHINA

Fukangren, Cellmid's exclusive distributor of the evolis® branded pharmacy products, has continued their work on Chinese FDA registrations for the lotions. Further documentation was submitted during the quarter, which should facilitate this process. Cellmid has been working closely with Fukangren to ensure that the application remains on track.

Senior Cellmid staff visited the Fukangren facilities, including the Beijing headquarters and distribution outlets, during the quarter to conduct product training and assist with marketing. A product efficacy test has been completed by Fukangren on a small Chinese population sample, confirming key performance features of the products. Further consumer experience studies are currently planned in preparation for marketing.

AUSTRALIA

New product launches are a key part of Cellmid's growth strategy in FY2019. In Australia, the evolis® Professional range has received positive feedback from the market and has progressively been introduced to targeted retailers from July 2018. With the evolis® WHITE Mask and the new evolis® PROTECT UV spray, the product range increased from 4 to 17 SKU's (stock keeping units).

The first Fillerina® shipment arrived in Australia in mid-September and will be sold in pharmacies from October onwards. The range will initially have 7 SKU's with further products expected to be introduced. This takes the current pharmacy range from 4 to 24 SKU's.

PROGRESS ON THE MIDKINE ANTIBODY PROGRAMS

COLLABORATION WITH THE UNIVERSITY OF TEXAS SOUTHWESTERN (UTSW)

Cellmid has recently commenced an exciting collaboration with Professor Rolf Brekken and his team at the University of Texas Southwestern Medical Center. Professor Brekken, a leading cancer researcher, will lead the midkine program to test the efficacy of Cellmid's therapeutic antibodies in preclinical tumour models.

Professor Brekken is a principal investigator with the Hamon Center for Therapeutic Oncology at the University of Texas Southwestern, Dallas. He is internationally recognised for his research into various aspects of cancer biology including immune therapies, tumour angiogenesis, microenvironment and metastasis.

Cellmid has developed a panel of monoclonal antibodies targeting midkine, including humanised forms of the antibodies in preparation for clinical deployment. These reagents have previously shown promising results in slowing growth of the rare brain tumour glioblastoma. Tapping into Professor Brekken's expertise in tracking metastatic spread as well as characterising immune cell responses to tumours will enable Cellmid to evaluate the potential of the midkine antibodies as co-therapies alongside other immune therapies.

Immune checkpoint inhibitor drugs have revolutionised cancer treatment during the past five years and were the subject of the 2018 Nobel Prize in Physiology or Medicine. The opportunity for Cellmid to collaborate with Professor Brekken represents a significant boost to the Company's midkine cancer program.

Focal segmental Glomerulosclerosis (FSGS) RESULTS SUPPORT ORPHAN APPLICATION

We were pleased to report in September that our pre-clinical study conducted at the Westmead Children's Institute produced positive efficacy results from our lead anti-midkine antibody, CAB102, in the rare kidney disease, FSGS. This study confirmed previous findings that blocking midkine alleviates damage to the kidney and prevents ensuing defects in renal function. This is a critical finding for Cellmid in progressing our antibody asset portfolio towards orphan drug application.

SUMMARY

As reported in these notes the recent expansion of the distribution started to deliver meaningful uplift in revenues for the Company's consumer health division with a 50% increase in sales during the first quarter. This growth does not include a large component of the new product range, which is expected to result in increased sales progressively during the remainder of FY2019.

The midkine antibody program has generated positive preclinical results and, as we advance towards the clinic, this will generate further news flow and value creation opportunities.

Contact:

| Company | Investor Relations | Media |
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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 and 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")

30 SEPTEMBER 2018

| 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 | 2,012 | 2,012 |
| 1.2 Payments for | | |
| (a) research and development | (128) | (128) |
| (b) product manufacturing and operating costs | (1,164) | (1,164) |
| (c) advertising and marketing | (309) | (309) |
| (d) leased assets | - | - |
| (e) staff costs | (878) | (878) |
| (f) administration and corporate costs | (292) | (292) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 3 | 3 |
| 1.5 Interest and other costs of finance paid | (17) | (17) |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | - | - |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (773) | (773) |

| | | |
|--|---|---|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | - | - |
| (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 | - | - |

| | | |
|---|--------------|--------------|
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of shares | 10,025 | 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 | (450) | (450) |
| 3.5 Proceeds from borrowings | - | - |
| 3.6 Repayment of borrowings | (1,119) | (1,119) |
| 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 | 8,456 | 8,456 |

| | | |
|--|-------|-------|
| 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 | 1,608 | 1,608 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | (773) | (773) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | - | - |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above) | 8,456 | 8,456 |

| 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 | (31) | (31) |
| 4.6 | Cash and cash equivalents at end of quarter | 9,260 | 9,260 |

| 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 | 9,260 | 1,608 |
| 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) | 9,260 | 1,608 |

| 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 | 2,155 | 2,155 |
| 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\$1,000,000 | Interest Rate 12.00% Secured |
| Hunter Premium Funding | A\$62,764 | Interest Rate 5.20% Unsecured |
| <u>Japanese Facilities</u> | | |
| Keiyo Bank Ltd | JPY87,582,000 (A\$1,041,161) | Interest Rate 1.50% Unsecured |
| Chiba Bank Inc. | JPY4,322,000 (A\$51,379) | Interest Rate 2.10% Unsecured |

| 9. Estimated cash outflows for next quarter | \$A'000 |
|--|----------------|
| 9.1 Research and development | (180) |
| 9.2 Product manufacturing and operating costs | (500) |
| 9.3 Advertising and marketing | (600) |
| 9.4 Leased assets | - |
| 9.5 Staff costs | (900) |
| 9.6 Administration and corporate costs | (300) |
| 9.7 Other (provide details if material) | - |
| 9.8 Total estimated cash outflows | (2,480) |

| 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:
(CEO / Managing Director)



Date: 15 October 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.