

ASX ANNOUNCEMENT

MARKET UPDATE ON COVID-19

SYDNEY, Friday, 27 March 2020: Cellmid Limited (ASX: CDY) provides an update to the market on the impact on the Company's business of the COVID-19 pandemic.

Cellmid's two-year growth strategy was announced in early 2019, where the Company outlined two objectives for Cellmid; to reach operational profitability for the consumer health business by the end of FY2020 and separate our high value midline asset portfolio through partnership or dedicated funding by the end of 2020. We address the effect of the COVID-19 pandemic in relation to both objectives below.

Consumer Health - operational profitability in FY2020

Sales of the Company's consumer health products in Australia and Japan have been moderately impacted over the past few weeks. **Australia**, representing around 23% of sales historically, performed well until the end of February, however, the product launch planned for March in Priceline has been delayed, which will start effecting sales from April onwards locally.

At this stage our **Japanese** business, which historically represents 68% of our sales, is expected to deliver on budget for the second half of the 2020 financial year, with slightly increased export and lower domestic sales expectations. The delivery of the Chinese export order, mentioned in our release of 26 February 2020, is now expected to occur in two separate shipments in April and May 2020.

The **USA** operations represent the smallest percentage of our total sales historically (around 9%), however sales here have started to be affected significantly in March by the uncertain business outlook for the Company's biggest customer, Neiman Marcus, and the delay in the salon launch. While new sales channels like QVC USA and e-commerce started to deliver increased revenue, these will be unpredictable in the short term.

In addition to supporting our leading evolis®, Jo-Ju® and Lexilis® brands the Company has also started an aggressive sales campaign of its discontinued product lines, revenue that will be additional to that expected before.

Operational expenditure of the Company is carefully monitored and reduced where sensible; the sales force dedicated to the Priceline launch has been reduced and our US operation will be cut back from 1 April to reflect the reduction in retail sales activities due to the shutdown of Neiman Marcus stores.

Other opportunities

The Company has been exploring **new product lines** that can bring additional revenues in the near term. As such it has recently secured the supply of the Wondfo COVID-19 rapid diagnostic test in Australia via an authorized distributor of Wondfo and registered the product with the Therapeutic Goods Administration (TGA) and received

import permit for the tests (see ASX announcement titled Cellmid Signs COVID-19 Rapid Diagnostic Supply Agreement dated 27 March 2020).

Lynamid – funding and partnership activities

Our research and development activities have not been affected to date. Negotiations are ongoing with potential industry and funding partners and we are working towards independent funding or partnership by the end of 2020.

Guidance

Whilst the Company has not seen significant impact to its sales and businesses at this stage, there are several uncertainties that mean it would be unlikely that the Company's operations would remain the same. Consequently, the Company has determined that it is prudent to withdraw its previous guidance that it will achieve operational profitability for its consumer business by the end of FY2020, and will separate Lynamid into a wholly independent entity backed by independent funding and/or a partnership with a biopharmaceutical company by the end of 2020. The Company will make further updates if/when further information becomes available.

Working Remotely

We have been carefully following the government's advice on social distancing, increased hygiene and isolation of anyone with flu like symptoms. Our staff has been working from our offices in all of our locations to date, however, should the lock down regulations mean further restriction of our activities, our employees are fully equipped and prepared to work remotely.

Approved for release by the Board of Directors.

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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. For further information, please see www.cellmid.com.au and www.evolisproducts.com.au. Cellmid's wholly owned subsidiary, Lynamid, develops innovative novel therapies and diagnostic tests for age related diseases including inflammatory and autoimmune conditions. Lynamid 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.