ASX ANNOUNCEMENT

CELLMID APPENDIX 4C - Q3 FY2020 BUSINESS ACTIVITY

Highlights for the quarter ending 31 March 2020

- **New product line, sales commenced:** Secured supply agreement for the Wondfo SARS-CoV-2 rapid diagnostic tests (Wondfo POCT) for sale in Australia. Sales of the first commercial shipment commenced.

- **Consumer health sales into China on track:** The Chinese order for Lexilis® products of $685K, delayed from first half of FY2020, now paid and to be delivered in Q4. Regular Chinese export is expected to resume in May.

- **Sales momentum in growth markets, Japan on budget for FY2020:** Australian sales were up 30% and US sales were up 9% respectively in Q3 FY2020 on pcp; both markets are below expected revenues due to COVID-19 related business disruption. Japan is on track to achieve budgets for the full FY2020.

- **Healthy cash balance:** Increased cash balance to $9 million from recent placement (excluding any proceeds from the SPP), up from $3 million as of 31 March 2020.

SYDNEY, Monday, 27 April 2020: Cellmid Limited (ASX: CDY) provides the following business activity report for Q3 FY2020.

Advangen – Consumer Health Business

The consolidated consumer health revenue was down by 8% for the FY2020 financial year to date on pcp to $4.47 million (FY2019: $4.85 million) and by 37% in Q3 FY2020 on pcp to $874K (FY2019: $1.38 million). There was positive sales momentum in both the Australian and US markets in Q3 FY2020, however revenue was adversely affected by lower Chinese export sales from Japan.

Japan

The Japanese business historically accounted for around 68% of global sales. Consumer health sales in Japan were down by 17% for the FY2020 financial year to date on pcp to $3.2 million (FY2019: $3.84 million) and down by 48% in Q3 FY2020 on pcp to $565K (FY2019: $1.1 million). The Q3 sales in Japan were adversely affected primarily by the timing of revenue from QVC's million-dollar sales day (TSV); in FY2019, some of the revenue was recognized in January 2019 (Q3 FY2019), in FY2020 all of the revenue was recognized in December 2019 (Q2 FY2020). Another QVC TSV sales day is now confirmed for June 2020.

The Chinese export order mentioned in the ASX release of 27 February 2020 has now been paid and is expected to be delivered in two separate shipments in April and May 2020. Importantly, and irrespective of the significant monthly variations, the Japanese business is likely to be on budget for 2H FY2020, with slightly increased export and lower domestic sales expectations as the Japanese salon sales will take longer to recover.

Australia

The Australian business historically accounted for around 23% of global sales. Consumer health sales in Australia were up 30% in Q3 FY2020 on pcp to $262K (Q3 FY2019: $202K) and up by 46% for the FY2020 financial year to date on pcp to $1.03 million (FY2019: $709K). The FY2020 year to date sales of $1.03 million already exceeded the full year results for FY2019 of $994K. Although this positive sales momentum is pleasing, the Australian business performed below expectations in Q3 due to the impact of COVID-19 business disruption; the evolis® Professional product launch planned for March in Priceline was delayed and the sales growth was largely attributable to e-commerce.

USA

The US business accounts for around 9% of global sales. Consumer health sales in the US were up 9% in Q3 FY2020 on pcp to $97K (FY2019: $89K) and up by 55% for the FY2020 financial year to date on pcp to $471K (FY2019: $321K). There was strong positive momentum heading into Q3 with several new distribution channels, however, the sales were adversely affected by the COVID-19 related closing of the Nieman Marcus stores, our biggest customer. We have reduced business activity in the USA as most other retail stores are now also closed. However, original US distribution initiatives such as QVC USA, in addition to sales on several online platforms including amazon.com will be implemented as planned.

As noted in our ASX announcement of 27 March 2020, we continue to carefully monitor operational expenditure and implemented a limited cutback program during the quarter in our consumer business. As the Chinese retail markets show signs of recovery, and e-commerce for consumer goods is improving, we are not planning any further reduction in staff or operations in our consumer business.

Lyramid – funding and partnership activities

Our research and development activities have not been affected by the COVID-19 pandemic in Q3 FY2020. Negotiations have been ongoing with potential industry and funding partners and we have been working towards independent funding and partnerships. However, decision making by potential partners and funding organizations has slowed down noticeably in April. Consequently, we have reduced working hours for senior staff, which we will review at the end of Q4 FY2020.

New product line - WONDFOSARS-CoV-2 point of care tests (POCT)

During Q3 FY2020 the Company secured an agreement with Australia Applications Pty Ltd for the supply of the Wondfo SARS-CoV-2 point of care antibody tests (ASX announcement, 27 March 2020). The Wondfo POCT detects antibodies to the SARS-CoV-2 virus, which causes the COVID-19 disease.

The presence of antibodies to SARS-CoV-2 indicates exposure to the virus, it is likely to convey immunity to COVID-19 and used to identify individuals with low risk of infection. During Q3 FY2020 the Company conducted due diligence and established, amongst other things, that:

- The tests are manufactured to high standards in Wondfo Biotech's facility, which is certified by regulators worldwide under the Medical Device Single Audit Program (MDSAP).
- The Wondfo POCT has been validated by the manufacturer in a large clinical study with 596 individual samples, still the largest of any SARS-CoV-2 antibody POCT's.
- The clinical results showed strong performance of 99.6% specificity and 83.4% sensitivity during the first 3-7 days of symptoms, improving with disease progression.
- The POCT showed strong concurrence (94%) with the Polymerase Chain Reaction (PCR) method, which detects viral nucleotides from throat and oropharyngeal swabs.
- There was market demand for antibody tests to establish exposure and immunity, identify low risk employees and to improve accuracy of diagnosis.

Cellmid registered the Wondfo POCT with the TGA during Q3 FY2020, received the first commercial shipment of 12,000 Wondfo POCT tests on 14 April 2020 (ASX announcement, 14 April 2020) and started selling the tests to medical practitioners since. During Q4 FY2020, the Company will continue to negotiate orders, commence COVID-19 antibody testing inhouse using the POCT's and will also be participating in post-market surveillance by the TGA. We are currently hiring additional business development staff to execute on our plans for the business.

Update on the impact of COVID-19 pandemic

The impact of the COVID-19 pandemic became evident on our consumer health business in March 2020 as anticipated export sales to China were deferred and retail sales in the US and Australia slowed down. We have started to see an increase in activity during April in China, where e-commerce is the most significant channel, and resumed deliveries are likely to result in meeting the original Japanese sales targets for Q4 FY2020. In contrast, we expect the Australian and the US market to take longer to recover.

Our finance team has filed appropriate registrations to participate in the federal and state governments' COVID-19 support initiatives and have recently received the first PAYG credit. Overall, the support programs will assist the cashflow of the Company but will not be material to the FY2020 results.

Our staff has been alternating between working from our offices or home, and for those in the office at any one time we have implemented strict physical distancing between working stations. Additional hygiene procedures have also been implemented.

In accordance with ASX Listing Rule 4.7C.3 related party payments for the period consisted of payments in relation to consulting services rendered by Direct Capital Group Pty Ltd of which Maria Halasz is a Director ($57,347) and salaries and Directors Remuneration (including Maria Halasz) of $157,024.

Cellmid CEO, Maria Halasz said, "We entered Q3 FY2020 with strong consumer sales momentum in all our key markets but our sales growth in the quarter has been adversely affected by COVID-19 related business disruption. We are confident that our Japanese business, our largest segment, will perform strongly in Q4 FY2020 through the resumption of export sales into China and another TSV day at QVC. The impact on sales in both the Australian and US markets remains uncertain, however we are continuing to invest in our e-commerce capabilities to ensure continuation of sales in all our markets. The diversification into the SARS-CoV-2 antibody testing draws on our diagnostic expertise developed with our CE Marked MK-ELISA and represents an exciting growth opportunity for our business. We are now well funded to continue to grow both revenue streams."

Approved for release by the Board of Directors.

End

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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 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. For further information, please see www.cellmid.com.au and www.evolisproducts.com.au. Cellmid's wholly owned subsidiary, Lyramid, develops innovative novel therapies and diagnostic tests for age related diseases including inflammatory and autoimmune conditions. Most recently, the Company commenced sale of a point of care antibody test for SARS-CoV-2 .

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 cash flow report for entities subject to Listing Rule 4.7B

Name of entity	
CELLMID LIMITED	
ABN	**Quarter ended ("current quarter")**
69 111 304 119	**31 MARCH 2020**

Consolidated statement of cash flows		Current quarter (3 months) $A'000	Year to date (9 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	2,371	7,141
1.2	Payments for		
	(a) research and development	(163)	(529)
	(b) product manufacturing and operating costs	(1,251)	(3,177)
	(c) advertising and marketing	(338)	(1,099)
	(d) leased assets	-	-
	(e) staff costs	(997)	(3,216)
	(f) administration and corporate costs	(530)	(2,304)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	6	9
1.5	Interest and other costs of finance paid	(7)	(65)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	840
1.8	Other (provide details if material)	-	54
1.9	**Net cash from / (used in) operating activities**	**(909)**	**(2,346)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter (3 months) $A'000	Year to date (9 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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 equity securities (excluding convertible debt securities)	-	2,544
3.2	Proceeds from issue of convertible debt securities	-	(136)
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	84
3.6	Repayment of borrowings	(106)	(144)
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**	**(106)**	**2,348**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	**3,885**	**3,082**
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(909)	(2,346)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Consolidated statement of cash flows		Current quarter (3 months) $A'000	Year to date (9 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(106)	2,348
4.5	Effect of movement in exchange rates on cash held	179	(35)
4.6	**Cash and cash equivalents at end of period**	**3,049**	**3,049**

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	2,055	1,885
5.2	Call deposits	994	2,000
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)**	**3,049**	**3,885**

6.	**Payments to related parties of the entity and their associates**	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates, comprised of directors' fees and salaries included in item 1	214
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of and an explanation for, such payments.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	1,405	1,405
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	1,405	1,405

7.5	**Unused financing facilities available at quarter end**	0

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Japan

Unsecured 10 year loan with Keiyo Bank; $1,378,399 (JPY 92,146,000) at 1.20% - 1.50% p.a. Maturity date in 2029.

Unsecured finance with Chiba Bank; $22,438 (JPY 1,500,000) at 2.10%. No specific maturity date.

Australia

Hunter Premium Funding $4,264 at 5.75% maturing on 25 April 2020.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(909)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	3,049
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	3,049
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	3.4

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity 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?

Answer: N/A

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

Answer: N/A

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.

Date: 27 April 2020.....

Authorised by: **Audit and Risk Committee – Cellmid Limited** .....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow 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 cash flow 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.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.