

# CEO PRESENTATION



# Forward looking statements

This presentation has been prepared by Cellmid Limited ACN 111 304 119 (CDY or Company) for information purposes only. The presentation may contain forward-looking statements that are not guarantees of future performance and are subject to risks and uncertainties. Such forward looking 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 presentation. The factors that may influence the Company's performance include, but not limited to, availability of resources, regulatory environment, technical risks, the results of advertising, sales activities and competition. Readers are cautioned not to place undue reliance on forward looking statements within this presentation. This presentation is not an offer to sell or solicitation, invitation or recommendation to purchase any securities and it does not form the basis of any contract or commitment.






# Agenda

- BLC Transaction Details
- Introducing BLC Cosmetics
- Strategic Rationale of the BLC acquisition
- Combined Pro Forma PNL
- Combined Pro Forma Balance Sheet
- Growth Opportunities
- Board and Management
- FY2022 Outlook
- ESG Statement






# BLC Transaction Details

 Deal Information	 BLC Cosmetics	 Strategic Rationale
<ul style="list-style-type: none"> <li>● Cellmid signed a share sale agreement with HGL Limited (ASX:HNG) (HGL), to acquire 100% of the shares in BLC Cosmetics Pty Ltd (BLC)</li> <li>● Cellmid will pay \$3M in the first tranche; \$1M in cash and \$2M through the issue of 32,786,885 shares at 6.1cps</li> <li>● The first tranche represents an EBITDA multiple of 6 x BLC's FY2021 normalised EBITDA of \$500K*</li> <li>● Cellmid may also pay a second tranche, based on an increase in BLC's FY2022 EBITDA, excluding synergies</li> <li>● The second tranche will be calculated as 3 x BLC's audited incremental EBITDA growth, and payable in cash and shares</li> <li>● The 32,786,885 shares to HGL, the subject of the current meeting, will be under voluntary escrow for 24 months</li> </ul>	<ul style="list-style-type: none"> <li>● BLC is wholly owned by HGL Limited, a diversified investment company</li> <li>● Forecasting approximately \$7M* in revenue in FY2021</li> <li>● BLC is a fast growing business with around 20% revenue growth on pcg</li> <li>● Normalised EBITDA of approximately \$500K* in FY2021, despite significant lockdown disruptions</li> <li>● BLC has long-term exclusive distribution rights for established premium anti-aging beauty and wellness brands</li> <li>● BLC's main distribution channels include more than 900 beauty salons and spas including BTB and DTC e-commerce</li> </ul>	<ul style="list-style-type: none"> <li>● Scale in market with doubling of Cellmid's FY2021 revenue and other income of \$7.3M</li> <li>● The combined group will have \$13M pro forma annualised revenue based on numbers ending 30 June 2021 (unaudited)</li> <li>● <b>Revenue growth opportunities:</b> <ul style="list-style-type: none"> <li>○ BLC's brands sold to Cellmid's customer base and channels</li> <li>○ Cross-selling of Cellmid's own brands into BLC's professional channels in Australia and New Zealand</li> <li>○ Cross promotion on the combined digital platforms</li> </ul> </li> <li>○ <b>Operational savings opportunities:</b> <ul style="list-style-type: none"> <li>○ Warehousing, shipping and fulfillment</li> <li>○ Single ERP system</li> <li>○ Administrative costs</li> </ul> </li> </ul>

\*BLC's financial year ends on 30 September 2021 and forecast revenue and EBITDA include 10 months actual and 2 months forecast numbers. EBITDA is normalised to exclude COVID-19 government assistance.

# BLC Transaction Details

 Board and Management	 Timing	 Financial Outcomes
<ul style="list-style-type: none"><li>● HGL will nominate a Non-Executive Director to the Cellmid Board</li><li>● BLC's CEO Nikki Somerset will join Cellmid's key management (KMP)</li></ul>	<ul style="list-style-type: none"><li>● Shareholders will have the opportunity to approve the issuing of <b>32,786,885 shares</b> to HGL at today's meeting</li><li>● Closing of the transaction is expected in shortly after the meeting by the end of October 2021, with effective settlement date on <b>1 October 2021</b></li><li>● Integration of the businesses will commence immediately after Closing</li><li>● Synergies are expected to be delivered in FY2022 and beyond</li></ul>	<ul style="list-style-type: none"><li>● Combined group revenue exceeding \$13M based on 30 June 2021 unaudited numbers</li><li>● Top line effect of the acquisition is expected to be from synergistic revenue generation, in addition to organic growth, during the first full year</li><li>● Organic revenue growth is expected for both businesses as local and global trading conditions improve</li><li>● Operational improvements are likely to deliver further benefits to the bottom line</li></ul>

# Introducing BLC Cosmetics

BLC is a leading importer and distributor of prestige international and local skin care and wellness brands

Established in 1974 BLC has strong relationships with brand partners and customers

Servicing around 900 spas, clinics, salons, retail stores in AUS, NZ and Pacific Islands

BLC is a profitable business with a solid track record of revenue growth

**FY2021**  
**Revenue**  
**\$7M\***

Up 20% on pcp

**FY2021**  
**EBITDA**  
**\$500K\***

Up 155% on pcp

**11**

Premium  
brands

**900+**

Distribution  
points including  
DTC online

**8**

Sales team in  
Aus and NZ

THALGO  
LA BEAUTE MARINE

HydroPeptide

[comfort zone]  
conscious skin science

LightStim®

KERSTIN  
FLORIAN

LINDA MEREDITH  
PRODUCTS BY LINDA MEREDITH

SCENTERED 

USPA®

 GEHWOL

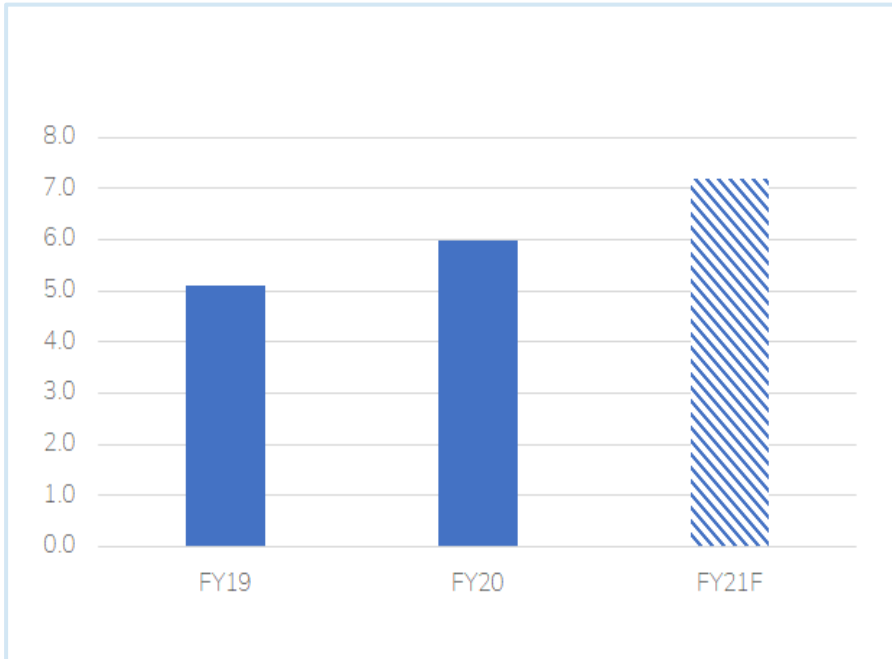
CIRÉPIL  
BY PERRON RIGOT

\*BLC's financial year ends on 30 September 2021 and forecast revenue and EBITDA include 10 months actual and 2 months forecast numbers. EBITDA is normalised to exclude COVID-19 government assistance.



# BLC: Revenue Growth

Revenue: FY2019 – FY2021F\*



**Revenue increased  
by 16% in FY2020  
and by 20% in  
FY2021\***



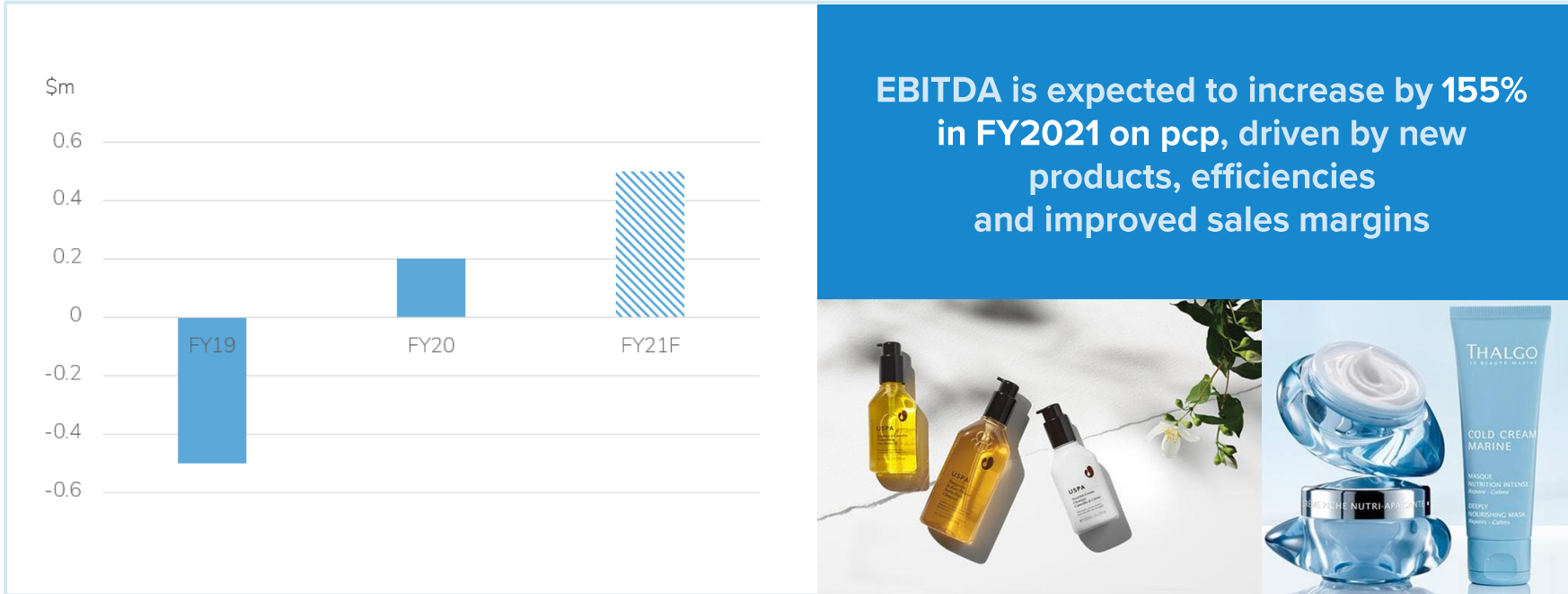
Revenue growth in FY2021\* was driven by new brands and increased online sales, despite lockdown impacts during the year



\*BLC's financial year ends on 30 September 2021 and forecast revenue and EBITDA include 10 months actual and 2 months forecast numbers. EBITDA is normalised to exclude COVID-19 government assistance.

# BLC: Earnings Growth

EBITDA: FY2019 – FY2021F\*



\*BLC's financial year ends on 30 September 2021 and forecast revenue and EBITDA include 10 months actual and 2 months forecast numbers. EBITDA is normalised to exclude COVID-19 government assistance.



# Strategic Rationale of BLC Acquisition

Acquisition to create an innovative **anti-aging health and beauty tech company with premium brands** with a global distribution footprint and strong sales capabilities into the professional beauty network, DTC and BTB digital platforms

- **Achieve scale in market** with doubling of Cellmid's FY2021 revenue and other income of \$7.3M
- Combined pro forma annualised revenue post merger of **\$13M** as of 30 June 2021, already growing through organic products and channels
- **Revenue growth is expected** from CDY's proprietary brands sold in BLC's professional channels in Australia and New Zealand, particularly as they rebound from a lockdown affected 18 months
- **Revenue growth is expected** from BLC's brands to be made available to Cellmid's customer base
- **New business opportunities** for the merged entity include cross promotion on the combined digital platforms and creation of an exclusive education and advice driven marketplace for anti-aging and longevity brands
- Key areas of synergies likely to deliver **operational savings** include warehousing, shipping, fulfillment and a single ERP system

# Combined Pro Forma Profit and Loss Statement as of 30 June 2021

CELLMID LIMITED PROFORMA PNL	CDY FY21 \$	BLC FY21 \$	PF FY21 \$
<b>Revenue</b>	<b>5,816,351</b>	<b>7,485,716</b>	<b>13,302,067</b>
Cost of goods sold	2,112,683	3,798,975	5,911,658
Gross profit	3,703,668 64%	3,686,741 49%	7,390,409 56%
<b>Other income</b>	<b>1,337,988</b>	<b>9,121</b>	<b>1,347,109</b>
Advertising and marketing expense	875,327	337,945	1,213,272
Employee benefits expense	3,501,026	1,865,053	5,366,078
Research and development expense	115,842	-	115,842
Other expenses	3,419,569	960,238	4,379,807
<b>Profit / (loss) before tax</b>	<b>-2,870,108</b>	<b>532,627</b>	<b>-2,337,482</b>
Income tax expense	45,049	165,879	210,928
<b>Profit / (loss) after tax</b>	<b>-2,915,157</b>	<b>366,748</b>	<b>-2,548,410</b>
<b>EBITDA</b>	<b>-2,119,706</b>	<b>704,390</b>	<b>-1,415,316</b>

BLC's financial year end is 30 September whilst CDY's is 30 June. For comparison purposes EBITDA (as presented in the above table) has been normalized and recalculated for the 12 months ending 30 June 2021 (unaudited).

**Organic growth:**  
CDY and BLC are expected to grow organically in FY2022 in addition to the synergies identified

**Synergies:**  
Synergies are expected to result in revenue growth PLUS cost savings improving profitability

**Combined result:**  
The combined entity is expected to reach operational profitability FY2022\*

\*Internal forecast and subject to COVID-19 impact in the remaining of the FY2022 financial year.

# Building Scale: Pro Forma Financial Position\*

CELLMID LIMITED PROFORMA FINANCIAL POSITION	CDY 31 August 2021 \$	CDY Adjusted \$	BLC Pty Ltd 31 August 2021 \$	Valuation Adj. \$	Eliminations \$	CDY PF 31 August 2021 \$
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	6,925,727	6,925,727	98,618	-	-	7,024,345
Trade and other receivables	422,480	422,480	817,006	-25,187	-	1,214,298
Inventories	2,673,489	2,673,489	1,889,682	-58,029	-	4,505,142
Other assets	405,578	405,578	92,197	-	-	497,775
<b>TOTAL CURRENT ASSETS</b>	<b>10,427,274</b>	<b>10,427,274</b>	<b>2,897,502</b>	<b>-83,216</b>	<b>-</b>	<b>13,241,560</b>
<b>NON-CURRENT ASSETS</b>						
Plant and equipment	104,144	104,144	243,000	-29,543	-	317,601
Right of use assets	444,787	444,787	90,000	-	-	534,787
Intangibles	1,582,489	1,582,489	-	-	-	1,582,489
Investment in subsidiary	-	5,100,000	-	112,759	-5,212,759	-
Goodwill on acquisition	-	0	-	-	3,165,990	3,165,990
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,131,420</b>	<b>7,231,420</b>	<b>333,000</b>	<b>83,216</b>	<b>-2,046,769</b>	<b>5,600,867</b>
<b>TOTAL ASSETS</b>	<b>12,558,694</b>	<b>17,658,694</b>	<b>3,230,502</b>	<b>-</b>	<b>-2,046,769</b>	<b>18,842,427</b>

\*Pro forma balances are based on available information as of the date of publishing of this presentation and will be subject to final audit adjustments.

# Building Scale: Pro Forma Financial Position\*

CELLMID LIMITED PROFORMA FINANCIAL POSITION	CDY 31 August 2021 \$	CDY Adjusted \$	BLC Pty Ltd 31 August 2021 \$	Valuation Adj. \$	Eliminations \$	CDY PF 31 August 2021 \$
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES</b>						
Trade and other payables	950,952	950,952	883,213	-	-	1,834,164
Loans and borrowings	338,020	338,020	-	-	-	338,020
Lease liabilities	251,832	251,832	-	-	-	251,832
Provisions	279,958	279,958	206,926	-	-	486,884
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,820,762</b>	<b>1,820,762</b>	<b>1,090,139</b>	<b>-</b>	<b>-</b>	<b>2,910,900</b>
<b>NON-CURRENT LIABILITIES</b>						
Loans and borrowings	547,368	547,368	-	-	-	547,368
Lease liabilities	202,415	202,415	93,594	-	-	296,009
Provisions	93,908	93,908	-	-	-	93,908
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>843,691</b>	<b>843,691</b>	<b>93,594</b>	<b>-</b>	<b>-</b>	<b>937,285</b>
<b>TOTAL LIABILITIES</b>	<b>2,664,452</b>	<b>2,664,452</b>	<b>1,183,733</b>	<b>-</b>	<b>-</b>	<b>3,848,185</b>
<b>NET ASSETS</b>	<b>9,894,242</b>	<b>14,994,242</b>	<b>2,046,769</b>	<b>-</b>	<b>-2,046,769</b>	<b>14,994,242</b>

\*Pro forma balances are based on available information as of the date of publishing of this presentation and will be subject to final audit adjustments.

# APPENDIX 4C - Q1 FY2022

	Q1 FY2022	YTD FY2022
<b>Cash flows from operating activities</b>	\$'000	\$'000
<b>Receipts from customers</b>	\$2,227	\$2,227
(a) research and development	-\$45	-\$45
(b) product manufacturing and operating costs	-\$528	-\$528
(c) advertising and marketing	-\$193	-\$193
(d) leased assets	\$0	\$0
(e) staff costs	-\$814	-\$814
(f) administration and corporate costs	-\$797	-\$797
Interest received	\$4	\$4
Interest and other costs of finance paid	-\$9	-\$9
Income taxes paid	-\$3	-\$3
Government grants and assistance	\$83	\$83
Net cash from / (used in) operating activities	-\$75	-\$75
<b>Cash flows from investing activities</b>		
(c) property, plant and equipment	-\$38	-\$38
Net cash from / (used in) investing activities	-\$38	-\$38
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	\$261	\$261
Repayment of borrowings	-\$185	-\$185
Net cash from / (used in) financing activities	\$76	\$76
	-\$1	
<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
Cash and cash equivalents at beginning of period	\$6,728	\$6,728
Net cash from / (used in) operating activities	-\$75	-\$75
Net cash from / (used in) investing activities	-\$38	-\$38
Net cash from / (used in) financing activities (item 3.10 above)	\$76	\$76
Effect of movement in exchange rates on cash held	\$5	\$5
<b>Cash and cash equivalents at end of period</b>	<b>\$6,696</b>	<b>\$6,696</b>





# Growth Opportunities

## Expand in China:

Increase market penetration and sales in China through recently signed distribution agreements, cross border e-commerce (CBE), social commerce and import permits for Jo-Ju® and Lexilis®

## USA and Australia sales growth:

New e-commerce platforms launched progressively from June 2021, grow recurring revenue, increase sales through existing pureplay e-commerce partners, new products and new brand partnerships

## Japanese sales growth:

Increase export of heritage brands from Japan to other Asian markets, increase Japanese sales through e-commerce, through the realigned QVC partnership and new retailers

## Synergies post-merger:

Focus on opportunities to drive revenue growth including cross selling into the combined channels

## White label:

Opportunities to expand white label offering to partner brands with non-competing product ranges

## Anti-aging marketplace:

Expand digital presence to create an exclusive, information and advice driven marketplace for anti-aging beauty and longevity wellness brands



# Experienced Board & Management Team



Bruce Gordon | Chairman  
Audit, Financial Management, Governance



Dennis Eck | Non-Executive Director  
Strategy, Consumer Goods, Governance



Dr Dominic Burg | Chief Operating Officer  
Operations, Innovation, Data Analytics, Regulatory,  
Team Leadership



Teruko Fujii | Managing Director, Advangen Inc  
Global Marketing, Business Development - Asia,  
Strategy



Trish Frelan | Global Head of Marketing  
Digital Leadership, E-commerce, Marketing,  
Branding



Maria Halasz | CEO and Managing Director  
Strategy, Leadership, Corporate Finance, Innovation,  
Governance



Dr Martin Cross | Non-Executive Director  
Marketing, Innovation, Governance



Matthew Dudek | Group Financial Controller  
Finance, Management Accounting, Business Process  
Improvement



Nikki Somerset | CEO BLC  
Business Integration/Optimisation, Global Marketing,  
Leadership



Carolyn Heath | BD Director Asia  
Global Business Development, Brand Development and  
Marketing, Sales Leadership

# FY2022 Outlook

## COVID-19:

Store and salon sales are likely to continue to be affected in the first half of FY2022 in Australia, but improving from 2H FY2022. Continue to monitor the US for re-entry.

## Immediate growth from BLC acquisition and synergies:

With a 1 October 2021 effective settlement date CDY will benefit from three quarters of BLC sales in FY2022, in addition to exploiting synergistic revenue growth opportunities.

## Continue to invest in

**China:** Building the Jo-Ju and evolus brands with CDY's distribution partners, implement product launches and marketing campaigns

## Focus on e-commerce:

Build on existing digital platform to increase sales through new products, loyalty programs and creation of anti-aging marketplace

## Continue white label deals:

Opportunities to expand white label offering to partner brands

## Deliver on operational savings between CDY and BLC:

Optimise operations and implement savings in warehousing, logistics, fulfilment and improvements in ERP

# Driven By Environmental, Social & Governance Principles



## Environmental

- We minimise our contribution to landfill through the use of recyclable materials in our packaging and through participating in industry funded recycling schemes (Der Gruner Punkt)
- We seek to use innovative materials with improved recyclability, degradability and/or reusability
- We aim to source ingredients with minimal environmental footprint and those that are grown sustainably

- We encourage diversity and respect of all sexes, races, religions and cultures amongst our employees, suppliers, customers and other stakeholders
- We are committed to providing high quality, effective and ethical products to our customers
- We respect and observe internationally recognised human rights and labour practices



## Governance

- We conduct our business with honesty, integrity and transparency
- Our diversified board ensures that we comply with regulatory requirements and these requirements are considered when making decisions about our business and its stakeholders



## Social



THANK YOU

Maria Halasz | CEO  
[info@cellmid.com.au](mailto:info@cellmid.com.au)  
+61 9221 6830

