

ASX ANNOUNCEMENT

GROWTH STRATEGY PRESENTATION

SYDNEY, Thursday, 12 November 2020: Cellmid Limited (ASX: CDY) is pleased to provide the following update to the market on the Company's three-year growth strategy.

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, Lynamid, develops innovative novel therapies and diagnostic tests for age related diseases including inflammatory and autoimmune conditions. Most recently Cellmid secured access to a range of SARS-CoV-2 antibody and nucleotide tests, both point of care and laboratory based, from various suppliers.

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.



Growth Strategy FY2021-FY2023

12 November 2020

ASX: CDY



Forward looking statements

This presentation has been prepared by Cellmid Limited ACN 111 304 119 (CDY) for information purposes only. The presentation may contain forward-looking statements that are not guarantees of future performance and are subject to 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.



A health and beauty-tech business growing shareholder value through the global distribution and sales of its brands of differentiated, clinically validated anti-aging solutions

AGENDA

- Operational Progress
- Financial Overview
- Growth Strategy FY2021-FY2023
- Outlook

OPERATIONAL PROGRESS

FY2020 HIGHLIGHTS

FY2020 OPERATIONAL HIGHLIGHTS

20 NEW B2B
CHANNELS

ONLINE
PARTNERSHIPS
WITH AMAZON,
ADOREBEAUTY,
DERMSTORE,
MACYS.COM,
DOUGLAS.COM

LAUNCHED ON
QVC USA, QVC
GERMANY &
QVC UK

NEW PRODUCT
LAUNCHES
(DRY SHAMPOO,
MASK)

FY2020 FINANCIAL HIGHLIGHTS

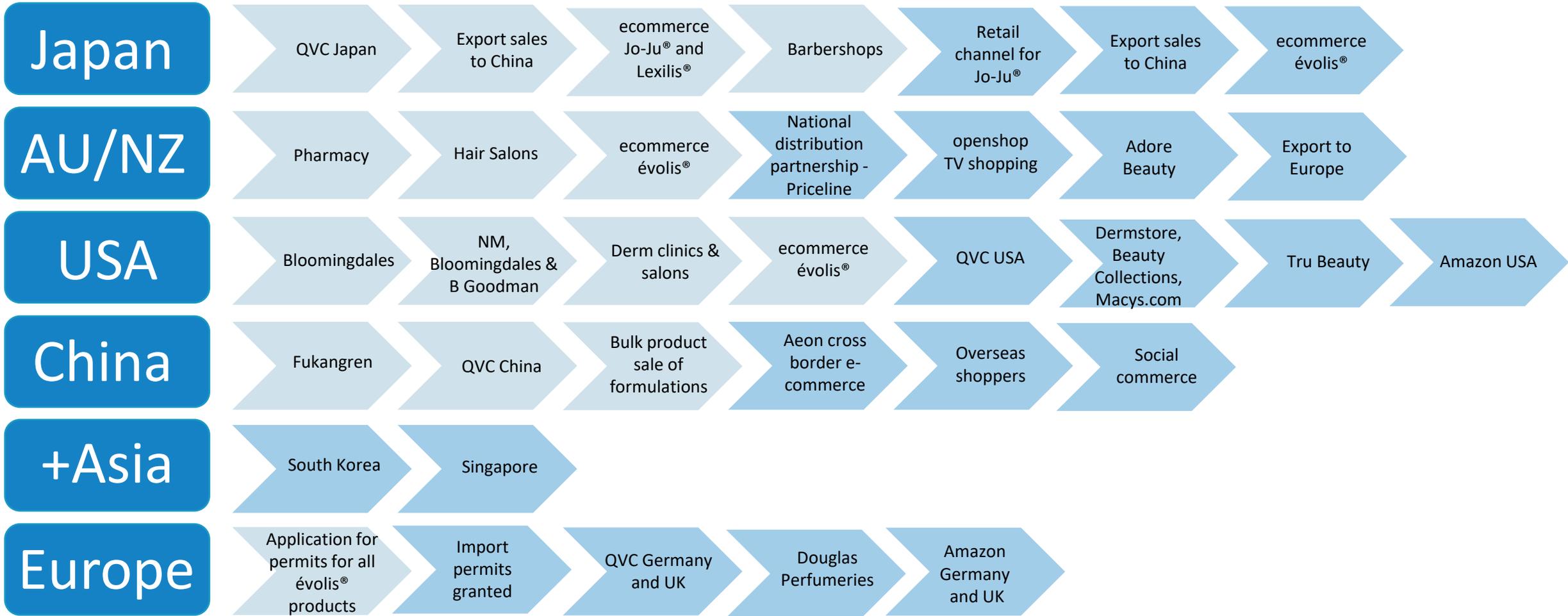
\$7.48 MILLION
CONSUMER
HEALTH
REVENUE

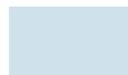
IMPROVING
OPERATING
CASHFLOW

NET ASSETS UP
67% TO \$9.8
MILLION

NET LOSS
DOWN 17% TO
\$4.9 MILLION

SIGNIFICANT DISTRIBUTION GROWTH SINCE 2019



 Channels at February 2019

 Channels added since February 2019

SUBSTANTIAL OPERATIONAL PROGRESS SINCE 2019

2019 GROWTH STRATEGY OBJECTIVES	Diversify sales channels	Expand e-commerce	Expand leadership team	Secure supply chain	Invest in operational efficiency	Prepare for separation of businesses
<p>KEY MILESTONES ACHIEVED</p>	<ul style="list-style-type: none"> ✓ Geographic diversification with growth in Australia, USA, UK, Europe and China ✓ Over 20 new B2B channels with online retailers and TV shopping ✓ Leveraging QVC globally with new agreements in UK, USA and Germany ✓ New distribution agreement in Korea ✓ Secured cross border e-commerce partners in China 	<ul style="list-style-type: none"> ✓ Launched new évolis® website with improved user experience ✓ Launched subscription service ✓ Launched on Amazon US with dedicated évolis® store ✓ Partnered with Adore Beauty, Dermstore, Macys.com, Douglas.com, Beauty Collections, Salon Interactive ✓ Grew social media presence 	<ul style="list-style-type: none"> ✓ Appointed senior team with extensive relevant experience in branding, marketing, sales, product development and operations ✓ Appointed new CEO of USA Operations ✓ Appointed CEO of Lyramid; completed preparation for divestment ✓ Promoted internal candidate as COO 	<ul style="list-style-type: none"> ✓ Secured raw material supply for increased production volumes ✓ Improved efficiencies in manufacture, shipping and distribution ✓ Reduced manufacturing cycle for évolis® ✓ Completed manufacturing feasibility in multiple sites reducing supply chain risk 	<ul style="list-style-type: none"> ✓ Automated internal control and planning systems ✓ Implemented integrated logistics, inventory and accounting management ✓ Secured cost reduction in packaging across the board ✓ Improved internal and third party logistics capabilities 	<ul style="list-style-type: none"> ✓ Completed preclinical and in vitro midkine studies in preparation for divestment of Lyramid ✓ Completed asset evaluation and forward strategy for the midkine portfolio ✓ In negotiations with potential acquisition partner

FINANCIAL OVERVIEW

PRODUCT REVENUE STABLE THROUGH COVID-19

AUD\$M	FY2020	FY2019
Revenue from Product Sales	7.48	7.39
Other Income	1.07	0.96
Gross Profit	4.95	5.25
Gross Profit Margin	66%	71%
Operating Expenses	(10.92)	(12.12)
EBITDA	(4.248)	(5.57)
Depreciation and Amortization	(0.52)	(0.15)
Net Interest Expense	(0.05)	(0.16)
Income Tax Expense	(0.09)	(0.02)
Net Loss After Tax	(4.907)	(5.910)
EPS	(5.04)	(7.77)

- **Stable revenue:** Product sale related revenue increased by 1% to \$7.48* million in FY2020. Strong positive momentum in 1H FY2020 was capped in 2H due to COVID-19 business disruption.
- **New distribution channels:** During FY2020, 20 new distribution channels were established and expanded across premium beauty retailers, pharmacies and television shopping channels in Australia, USA, Japan, Europe and Asia.
- **Switch to ecommerce:** In FY2020, online sales accounted for a greater proportion of total consumer health sales including own websites and online retail partners.
- **Net loss down 17% and progressing towards operational profitability:** The consumer health business is expected to deliver further operational improvements in FY2021 with revenue growth in China, through online retailers, premium salons in the US and from expanded e-commerce in the USA and Australia.

* Includes all product sale related revenue

IMPROVED BALANCE SHEET

AUD\$M	FY2020	FY2019
ASSETS		
Cash & Cash Equivalents	6.97	3.08
Trade & Other Receivables	1.87	2.28
Inventory	2.61	1.61
Other current assets	0.18	0.22
Plant & Equipment	0.76	0.80
Intangibles	1.76	1.76
Right of use asset	0.74	-
TOTAL ASSETS	14.89	9.79
LIABILITIES		
Trade & Other Payables	2.77	2.43
Provisions	0.35	0.22
Loans & Borrowings	1.25	1.29
Lease Liability	0.71	
TOTAL LIABILITIES	5.08	3.94
EQUITY		
Share Capital	56.06	47.77
Reserves	1.14	0.63
Accumulated Losses	(47.39)	(42.54)
TOTAL EQUITY	9.81	5.86

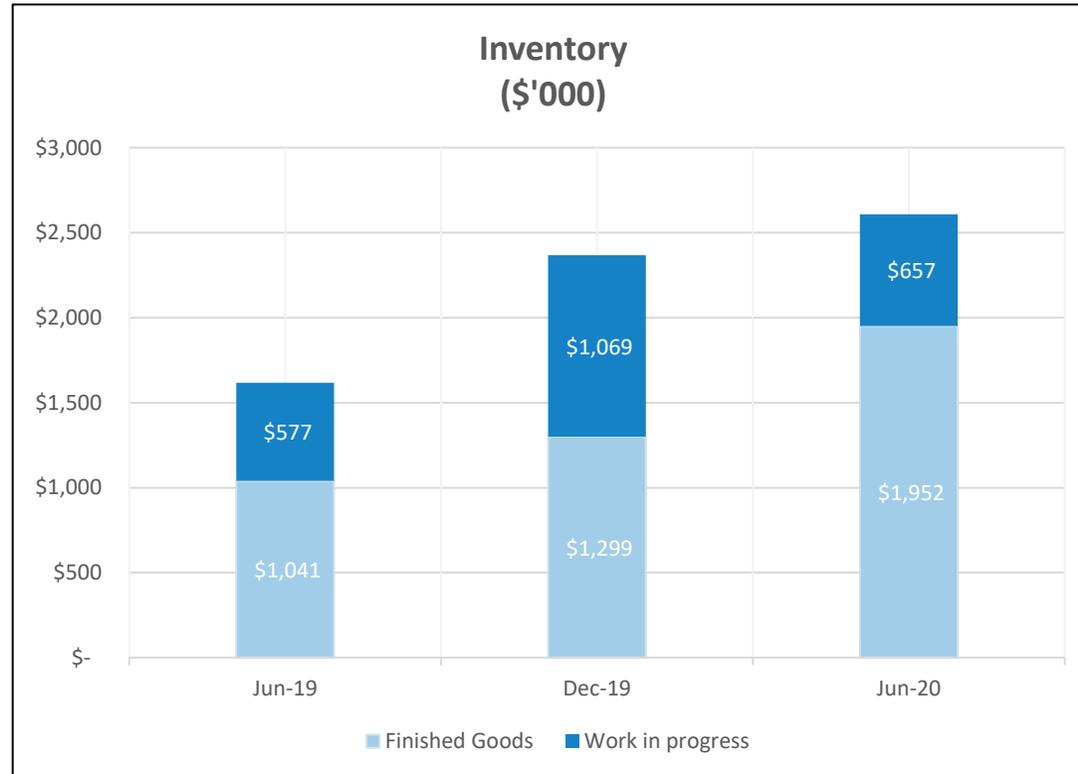
- **Strong balance sheet:** In FY2020, Cellmid raised a total of \$8.9 million, including \$6.3m in April 2020 and \$2.5m in October 2019, which boosted the end of year cash balance to \$6.97m (FY2019: \$3.08m).
- **Investment in inventory:** In FY2020, inventory increased to \$2.61m (FY2019: \$1.6m) in preparation for the expansion of distribution channels and expected future sales growth.
- **Business model:** Cellmid has low capital cost model as it does not invest directly in manufacturing and distribution facilities and has less than \$1 million in plant and equipment on the balance sheet.
- **Intangible assets:** Cellmid carries intangible assets of \$1.76 million, relating to the profit generating Japanese business.
- **Increased working capital:** Working capital up 88% to \$8.1m at the end of FY2020 (FY2019: \$4.3m)

IMPROVING OPERATING CASHFLOW IN FY2020

AUD\$M	FY2020	FY2019
Net Loss After Tax	(4.91)	(5.91)
Income Tax Expense	(0.09)	(0.02)
Depreciation and Amortization	(0.52)	(0.15)
Interest Expense	(0.05)	(0.15)
EBITDA	(4.25)	(5.57)
Working Capital Movements	(0.28)	(0.38)
Interest Income	0.02	0.08
Income Tax Expense	(0.09)	(0.02)
Other	0.59	0.23
Cashflow from Operating Activities	(4.01)	(5.67)
Cashflow from Investing Activities	-	(0.07)
Cashflow from Financing Activities	7.98	7.28
Net Increase in Cash	3.97	1.54

- **Improving operating cashflow:** In FY2020 operating cashflow improved by 29% and cash burn reduced to \$4.01 million. In Q1 FY2021, cash receipts were \$2.1 million and underlying operating cash outflows were \$2 million.
- **Strong cash balance:** The cash balance on 30 September 2020 was \$5.38 million and is expected to be sufficient to achieve growth and profitability targets for the consumer health business in FY2021.
- **Improving terms for cashflow:** Most recent distribution/retail agreements signed on terms that include partial or full upfront payment on order.

GROWING INVENTORIES FOR NEW DISTRIBUTION CHANNELS



- **Investing in inventory:** In FY2020, inventories increased by \$1 million to \$2.61 million, primarily due to an increase in finished goods.
- **Pipeline building:** In 1H FY2020, Cellmid was preparing orders for expected sales in 2H. Due to the COVID-19 business disruption, a portion of these sales have been deferred to 1H FY2021.
- **Expansion in Europe and USA:** Cellmid received EU import permits in 2019 and is growing revenue through Douglas (Germany), QVC (UK, US and EU) and Amazon (US, with EU due to launch in November 2020). Inventory will be produced by the end of December for a 2021 launch with Tru Beauty in the US.
- **New agreement in China:** In 1H FY2021, Cellmid amended the distribution agreement with Aeon International to incorporate target orders for more efficient inventory management. The évolis® T-mall store is expected to open in December 2020 making évolis® available for cross border e-commerce shoppers in China for the first time.

GROWTH STRATEGY FY2021 -FY2023

SHIFTING VALUE DRIVERS IN BEAUTY

BRAND

CUSTOMER DATABASE

BRAND + CUSTOMER
DATABASE

L'ORÉAL



Procter&Gamble



Unilever



ADOREBEAUTY

hims

Glossier.

évolis®

100%
pure

Nourish Organic

TRUE BOTANICALS

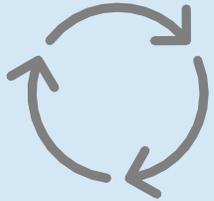
Traditional brands are losing market share online and offline to independent brands with differentiated, personalised and relatable message.

The significant shift to ecommerce produced large online retailers that gained market share from traditional retail but they don't own the brands.

Independent brands with direct to consumer business control their brand and their database. Brand is built on differentiated, efficacious products with natural ingredients.

CELLMID'S THREE YEAR GROWTH STRATEGY: FY2021 to FY2023

1. GROW REVENUE



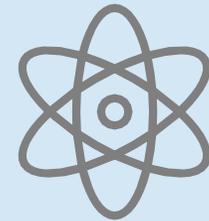
Grow recurring revenue by increasing direct customers organically, through partnerships and targeted acquisitions, grow geographic reach

2. ACHIEVE PROFITABILITY



Optimise deployment of capital by focusing on strong cashflow generating opportunities, reducing operational costs and taking advantage of economies of scale

3. FOCUS ON BRAND



Focus on product innovation leveraging expertise in hair and systems biology; perpetuate thought leadership in hair science, generate new intellectual property

1. GROW REVENUE THROUGH E-COMMERCE



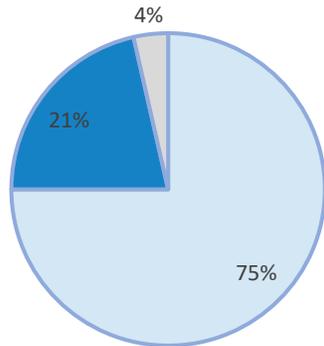
1. GROW REVENUE THROUGH B2B PARTNERHSIPS

- Cellmid has invested significantly in its own e-commerce infrastructure and digital marketing capabilities since 2017 while concurrently building distribution partnerships with online retailers
- This mixed model has been an important strategy to build the online business cost effectively
- Cellmid now generates over 70% of US sales and 50% of Australian sales through online channels
- Cellmid will continue to nurture customers through B2B partnerships, from affiliate programs
- Cellmid will continue to invest in customer retention strategies



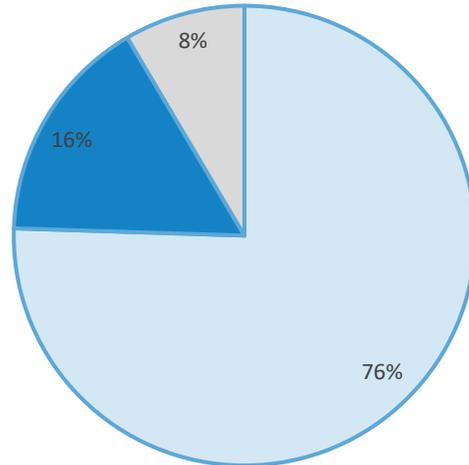
1. GROW REVENUE IN NEW GEOGRAPHIES

FY2018
TOTAL REV:
\$5.6M



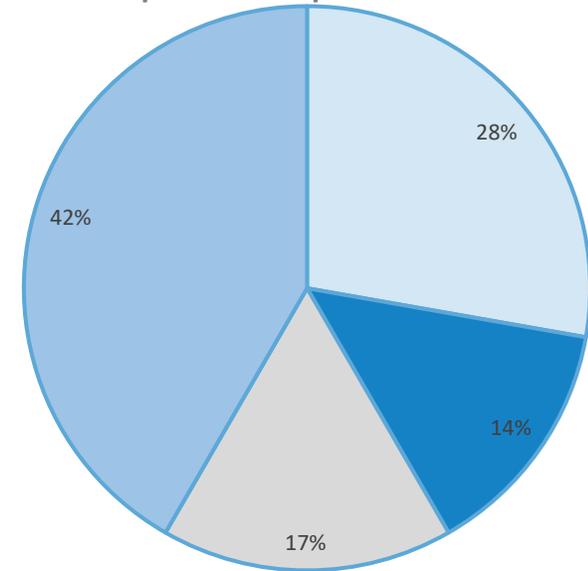
■ Japan ■ Australia ■ USA

FY2020
TOTAL REV:
\$7.4M



■ Japan ■ Australia ■ USA

FY2023
TOTAL REV:
\$22M-\$25M*



■ Japan
■ Australia
■ USA
■ China, Europe and Rest of Asia

*Revenue projections are subject to risks and uncertainties and investors are reminded not to rely on projections unduly and without respect to these risks. The Company does not publish forecasts and may not release to the market information if any of the underlying assumptions change, whether improve or otherwise, in relation its projections. Revenue projections are subject to change. The revenue projections above are subject to the achievement of the material assumptions on slide 19.

1. REVENUE: UNDERLYING ASSUMPTIONS

Distribution channels

- Exploit salon distribution in the USA - FY2021 onwards
- Launch Amazon Europe and Amazon Australia - FY2021
- Launch evolis T-mall store in China with Aeon and successfully execute on joint marketing strategy - FY2011 onwards
- Exploit Jo-Ju and Lexilis import permits in China with distribution partners - FY2021 onwards
- Launch masstige range online and with major mass retailer partner in the US only - FY2022
- Continue existing growth trajectory in Europe – FY2021 onwards
- Continue existing growth trajectory in Australian salon and pharmacy channels - FY2021 onwards
- Launch locally manufactured evolis branded products in Korea for TV shopping – FY2022

New products

- Launch antiaging skincare range in Australia and Japan - FY2022
- Launch hair supplement in China, Japan, Australia and USA - FY2022
- Launch masstige product range in the US – FY2022

Geographic expansion

- Korea: locally produced evolis branded products (export to other countries in the region)
- China: exploit existing evolis, Jo-Ju and Lexilis partnerships
- Europe: exploit existing Douglas, QVC relationships and add Amazon UK and Germany

ecommerce

- Significant increase in ecommerce expenditure in Australia and the USA and investment in:
 - Digital and social marketing
 - Subscription programs
 - Influencer strategy
 - New content creation
 - General marketing

2. ACHIEVE PROFITABILITY

Optimise capital deployment

- Invest in opportunities with strong cash generating potential
- Implement operational efficiencies through automated inventory, accounting and customer management systems

Continue to improve supply chain

- More strategic ingredient sourcing to improve cost of goods
- Transition to sustainable packaging including biodegradable or recyclable materials

Take advantage of economies of scale

- Continue to explore opportunities for large scale sourcing of ingredients and packaging
- Utilise multiple supply channels

3. FOCUS ON BRAND – INNOVATION AND NEW TECHNOLOGIES

Maintain leadership in hair biology through ongoing research and publications and new intellectual property

Grow product portfolio, launch anti-aging skin care range and supplements

Launch only first in class and/or best in class clinically validated anti-aging products - retain authenticity of brands

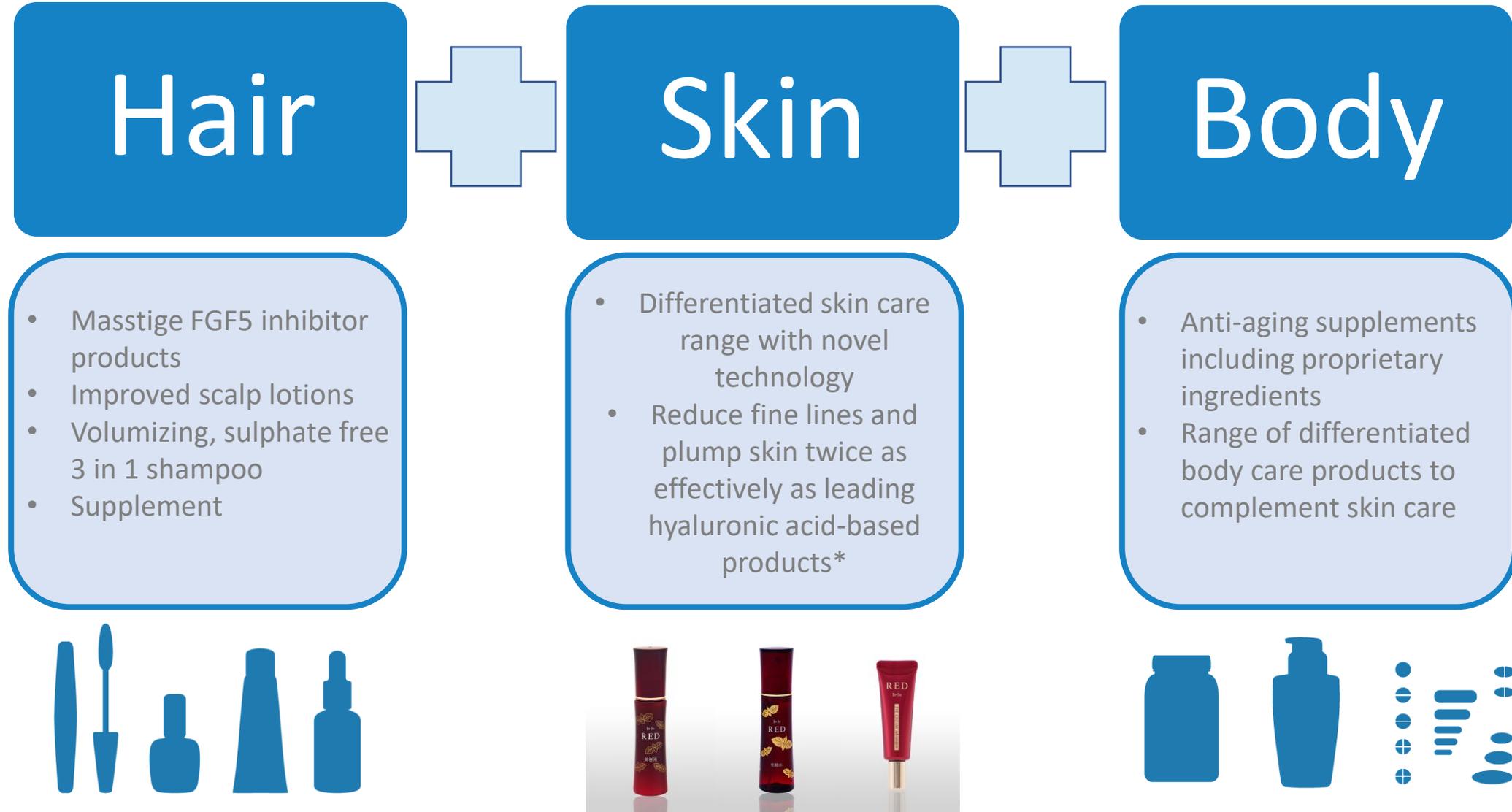


évolis[®]

Jo-Ju[®]

LEXILIS[®]

3. FOCUS ON BRAND: NEW PRODUCT DEVELOPMENT



*Independent study conducted in Kyoto University

DIAGNOSTIC ASSETS

Supply Agreement: Cellmid signed supply, introducer and distribution agreements for a range of SARS-CoV-2 antibody, antigen and PCR tests

Test validation: Wondfo SARS-CoV-2 antibody kits were successfully listed on the Australian Register of Therapeutic Goods (ARTG)

New products: Curating a strong portfolio of complementary diagnostic products including IgM/IgG split antibody, antigen and rapid PCR tests

Markets: Market opportunities may increase as the pandemic moves to its next stage; eg. travellers to China require antibody and PCR testing from November 2020



EXPERIENCED MANAGEMENT TEAM



Maria Halasz | CEO and Managing Director
Strategy, finance, innovation



Dr Dominic Burg | Chief Operating Officer
Operations, regulatory, innovation



Ko Koike | Managing Director, Advangen Inc
Business development, strategy



Carolyn Heath | BD Director Asia
Asian business development and marketing



Trish Frelan | Head of Marketing
Brand building, e-commerce,
multi-channel marketing



Gary McCaw | Sales Director
Sales leadership, pharmacy, retail



Matthew Dudek | Group Financial Controller
Financial reporting and management



Bryan McGee | CEO (USA)
Business development, operations

FY2021: UPCOMING MILESTONES

Expand in China: Increased market penetration and sales in China through cross border ecommerce, social commerce and import permits

USA and Australia sales growth: Through existing channels (Priceline, Amazon, Dermstore, Tru Beauty), new salon distribution partnerships and ecommerce

Japanese sales growth: Sales growth from increased export of heritage brands from Japan to other Asian markets

Korea launch: Launch of evolis in Korea through third party distributor

Divestment of Lynamid: Result of negotiations with potential acquisition partner

